

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
ROSEBURG, OREGON**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP

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**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
ROSEBURG, OREGON
YEAR ENDED JUNE 30, 2019**

BOARD OF DIRECTORS AS OF JUNE 30, 2019

Joseph Garcia Roseburg, Oregon 97471	Chair
Steve Patterson Roseburg, Oregon 97471	Vice-chair
Rodney Cotton Roseburg, Oregon 97471	Director
Micki Hall Roseburg, Oregon 97471	Director
Rev. Howard Johnson Roseburg, Oregon 97471	Director
Rebecca Larson Roseburg, Oregon 97471	Director
Charles F. Lee Roseburg, Oregon 97471	Director

**Administrative Office:
1419 NW Valley View Drive
Roseburg, Oregon 97471**

ADMINISTRATIVE STAFF AS OF JUNE 30, 2019

Lee Paterson	Superintendent (interim)
Cheryl Northam	Chief Operations Officer

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
ROSEBURG, OREGON
YEAR ENDED JUNE 30, 2019**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	A-1 – A-3
Management's Discussion and Analysis	B-1 – B-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Notes to Basic Financial Statements	7 – 37
Required Supplementary Information:	
Schedule of District's Proportionate Share of the Net Pension Asset/(Liability) and Schedule of the District's Contributions - OPERS	38
Schedule of District's Proportionate Share of the Net Pension Asset/(Liability) and Schedule of the District's Contributions - RHIA	39
Schedule of Change in the District's Net Pension (Stipend) Liability and Related Ratios	40
Schedule of Change in the District's Total OPEB (Medical Subsidy) Liability and Related Ratios	41
Major Governmental Funds Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	42
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund	43
Other Supplementary Information:	
Other Major Governmental Funds Budgetary Comparison Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	45
School District Financial Accounting Summaries	46 – 51
Independent Auditor's Report Required by State Regulations	52 – 53
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	54 – 55
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By The Uniform Guidance	56 – 57
Schedule of Expenditures of Federal Awards and Associated Notes	58 – 59
Schedule of Findings and Questioned Costs	60

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Douglas County School District No. 4
Roseburg, Oregon 97470

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Douglas County School District No. 4 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Supplementary Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulation, we have also issued our report dated December 10, 2019, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Mark E. Damon, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 10, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of Douglas County School District No. 4 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements. It should also be noted that all amounts included in text below are rounded for ease of reading.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities/deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2019 by \$5.2 million. Of this amount, \$32.9 million represents the District's net investment in capital assets, \$622 thousand is restricted for debt service, and the deficit of \$38.7 million is considered unrestricted.
- For the fiscal year ended June 30, 2019, the District's total net position increased by \$5.5 million. In the prior year, the District's total net position increased by \$5.9 million. The positive performance during fiscal 2019 can mostly be attributed to seismic grant awards and other operating grants and contributions.
- The District's governmental funds report a combined ending fund balance of \$15.6 million, a decrease of \$2.6 million from the prior year.
- At the end of the fiscal year, unassigned fund balance in the general fund was \$7 million or 12.9 percent of total general fund expenditures. In total, the general fund balance increased by \$1.1 million from the prior year.
- The District's total long-term debt decreased by \$3.5 million during the 2018-19 fiscal year as a result of scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's 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
- 3) Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

Statement of Net Position. The *Statement of Net Position* presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been recognized. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Activities. The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental activities. Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

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

Fund financial statements

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

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Debt Service, and Capital Projects Funds, all of which are considered to be major funds.

The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

Notes to the basic financial statements

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Information such as significant accounting policies and detail of certain assets/deferred outflows and liabilities/deferred inflows are included in the notes which should be read in conjunction with the basic financial statements.

The notes to the basic financial statements can be found as listed in the Table of Contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's liabilities/deferred inflows exceeded assets/deferred outflows by \$5.2 million at June 30, 2019. At June 30, 2018 District liabilities/deferred inflows were greater than assets/deferred outflows by \$10.7 million.

	Governmental Activities		Increase (Decrease) From
	June 30, 2019	June 30, 2018	June 30, 2018
Assets:			
Current assets	\$ 19,314	\$ 22,407	\$ (3,093)
Other assets	304	112	192
Capital assets	37,325	34,571	2,754
Total assets	<u>56,943</u>	<u>57,090</u>	<u>(147)</u>
Deferred outflows	<u>21,714</u>	<u>11,387</u>	<u>10,327</u>
Total assets and deferred outflows	<u>78,657</u>	<u>68,478</u>	<u>10,180</u>
Liabilities:			
Current liabilities (including current portion of long-term debt)	6,619	7,668	(1,049)
Pension & OPEB liabilities	45,122	38,512	6,610
Long-term debt	<u>27,885</u>	<u>31,541</u>	<u>(3,656)</u>
Total liabilities	<u>79,626</u>	<u>77,721</u>	<u>1,905</u>
Deferred inflows	<u>4,212</u>	<u>1,446</u>	<u>2,766</u>
Total liabilities and deferred inflows	<u>83,838</u>	<u>79,168</u>	<u>4,671</u>
Net position:			
Net investment in capital assets	32,902	27,921	4,981
Restricted for debt service	622	593	29
Unrestricted	<u>(38,705)</u>	<u>(39,204)</u>	<u>499</u>
Total net position	<u>\$ (5,181)</u>	<u>\$ (10,690)</u>	<u>\$ 5,509</u>

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Net position increased by \$5.5 million from the prior year.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles and equipment, represent about 47.5% of total assets/deferred outflows. The remaining assets consist mainly of cash and investments, grants and property taxes receivable, inventories and deferred outflows related to pensions.

The District's largest liabilities consist of general obligations, PERS bonds, and full faith credit obligations, unfunded OPERS obligations, and unfunded post employment benefit obligations. Other more current liabilities consist of payables on accounts, accrued salaries and benefits, and unearned revenue.

A large portion of the District's net position reflect its investment in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state school fund support), since the capital assets themselves cannot be used to liquidate these liabilities. The majority of the capital related debt is a general obligation of the District for which the District has unlimited taxing authority under the Oregon constitution.

Governmental activities. When compared to fiscal 2018, the District's annual change in net position improved by \$5.5 million (as fiscal 2018 reported an increase in net position of \$5.9 million). The positive trend can primarily be attributed to an increase in seismic grant awards and other operating grants and contributions.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Governmental Activities		Increase (Decrease) From
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2018</u>
Revenues:			
Program revenues:			
Charges for service	\$ 2,641	\$ 3,028	\$ (387)
Operating grants and contributions	8,309	6,323	1,986
Capital grants and contributions	2,766	789	1,977
General revenues:			
Property taxes	18,189	17,527	662
State school fund - general support	40,247	40,564	(317)
Other federal, state and local sources	1,796	1,744	52
Earnings on investments	530	381	149
Total revenues	<u>74,478</u>	<u>70,357</u>	<u>4,122</u>
Expenses:			
Instruction	39,702	35,861	3,841
Support services	24,960	22,782	2,178
Enterprise and community services	2,498	3,918	(1,420)
Interest on long-term debt	1,809	1,925	(116)
Total expenses	<u>68,969</u>	<u>64,486</u>	<u>4,483</u>
Change in net position	<u>\$ 5,509</u>	<u>\$ 5,871</u>	<u>\$ (361)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2019, the District's governmental funds reported combined ending fund balance of \$15.6 million, a decrease of \$2.6 million from the prior year. Approximately \$7 million (44.9%) of the ending fund balance constitutes unassigned *ending fund balance*, which is available for spending at the government's discretion.

General Fund. The General Fund is the chief operating fund of the District. At June 30, 2019, the fund balance was \$7.2 million. This is an increase of about \$1.1 million (18.9%) from the previous year. The general fund unassigned balance represents 12.9 percent of total general fund expenditures. This is an increase when compared to 2018.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Special Revenue Fund. The Special Revenue Fund is used to account for Federal, State, and Local grants, as well as our food service and associated student body. All funds are utilized to carry out specific programs, and the majority of the ending fund balance is committed (\$3.2 million) to associated student body programs and activities and grant related activities. The fund balance increased by \$258 thousand (8%) from the previous year. Special revenue funding has become much more volatile over the last four years as state and federal stimulus programs are established for short periods of time. As general funding continues to be impacted by the economy, our reliance on special revenues increases.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$3.7 million, \$622 thousand of which is restricted for the payment of general obligation bond debt service, and \$3.1 million is assigned for pension obligation bonds debt service. The decrease in fund balance during the current year was about \$3.6 million. This decrease can be attributed to the \$6 million contribution to the PERS side account offset by the ongoing internal charge rate to other funds for the future debt service associated with the pension obligation bonds.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$995 thousand all of which is assigned for ongoing capital projects. The fund balance decreased by \$448 thousand during the current fiscal year as a result of increased capital projects in the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2019, the District had invested approximately \$37.3 million in capital assets, net of depreciation, as shown in the following table:

	Governmental Activities		Increase (Decrease) From
	June 30, 2019	June 30, 2018	June 30, 2018
Capital assets (net of depreciation):			
Land	\$ 3,567	\$ 3,567	\$ -
Construction in progress	1,974	1,044	930
Buildings and improvements	30,319	28,347	1,972
Vehicles and equipment	1,465	1,613	(148)
Total capital assets	<u>\$ 37,324</u>	<u>\$ 34,571</u>	<u>\$ 2,754</u>

Additional information regarding the District's capital assets can be found in the notes to the basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the District had outstanding long-term debt of \$31.5 million, consisting of general obligation debt, pension obligation debt, and other full faith and credit obligations.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

	Governmental Activities		Increase (Decrease) From
	June 30, 2019	June 30, 2018	June 30, 2018
Debt obligations:			
General obligation bonds	\$ 4,135	\$ 6,240	\$ (2,105)
Pension obligation bonds	26,982	28,125	(1,143)
Other obligations	420	635	(215)
Total debt obligations	<u>\$ 31,537</u>	<u>\$ 35,000</u>	<u>\$ (3,463)</u>

During the current fiscal year, the District's total debt decreased by \$3.5 million. This was the result of scheduled principal payments.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant financial challenge facing the district continues to be the PERS employer rate. The average increase in the employer rate for the district for the 2019-21 biennium will be 4.26%. At current subject salary rates, that will be an increase in district expenditures of approximately \$1.2 million for the 2019-20 fiscal year. The district took advantage of new PERS side account rules and opened a new, separate side account in the 2018-19 year in the amount of \$6 million. The deposit to this new side account will offset the previously higher anticipated increases in the PERS employer rate by 1.47%, bringing the net increase down to 4.26%. The actuarial analysis for the new side account shows \$11 million in PERS employer rate offsets over the 20-year amortization period. Additionally, that \$6 million deposit, plus an additional contribution to the side account of \$874,738 will qualify the district for a 25% state match of funds into the account. The district maximum contribution that is subject to a match is \$6,874,738 and the anticipated match in state funds to the side account will be \$1,718,684.

Oregon's state school fund remains the district's single largest source of funding. For the year ended June 30, 2019, state school fund support provided about 69% of the district general fund program revenue, the same level as in the previous years. When combined with local property taxes, county and common school fund dollars, and federal forest fees which are included in the school fund formula, these sources provide about 97% of the resources for the general fund. Federal forest fees were not anticipated to be received but a late appropriation from the federal government resulted in a payment coming in 2018-19.

**DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

In the 2019 session, the Oregon legislature passed the Student Success Act. The SSA will provide a funding source to school districts to address student needs in the areas of early learning, student investments, and statewide education initiatives. Although official estimates are not available at this time, it is estimated that the Roseburg School District could see an annual increase in funding of approximately \$4 million annually starting in 2020-21 to address class size, provide a well-rounded education, to increase instructional time, and to fund health and safety measures in the district. Funding for statewide initiatives includes career technical education, school safety, equity initiatives and expansion of school nutrition programs. Input from the public and the district's school board will be required to apply for these funds to ensure transparency. Due to the passage of the SSA, the high school success initiative will be fully funded in 2019-20. In the two years since its inception, the HSS has been funded at approximately 60% of full funding. HSS funding was approved by voters in November 2016 and is used for dropout prevention, career and technical education and college level education opportunities with the goal of increasing the high school graduation rate.

The school board for the Roseburg School District is considering putting a bond levy request before voters in May 2020. If successful, the bond sale proceeds would be used for safety, building repairs and renovations.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Office at 1419 NW Valley View Drive, Roseburg, Oregon 97471.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS:	
Assets:	
Cash and Investments	\$ 14,287,828
Receivables:	
Taxes Receivable	1,783,298
Other Receivables	2,561,373
Inventory - General	209,889
Prepaid Expense	471,526
Net Post-Employment Benefit (RHIA)	303,898
Capital Assets (net of accumulated depreciation):	
Land	3,566,954
Construction in Progress	1,973,924
Buildings and Site Improvements	30,319,676
Vehicles and Equipment	1,464,912
TOTAL ASSETS	56,943,278
Deferred Outflows of Resources:	
Deferred Charge Associated with Advance Refunding (net)	131,599
Deferred Amounts Related to OPERS & OPEB	21,582,570
TOTAL DEFERRED OUTFLOWS OF RESOURCES	21,714,169
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	78,657,447
LIABILITIES AND DEFERRED INFLOWS:	
Liabilities:	
Accounts Payable and Accrued Liabilities	245,740
Accrued Payroll and Related Charges	1,935,432
Accrued Compensated Absences	41,148
Accrued Interest	744,461
Pension Liability (Stipend) (Due in more than one year)	454,581
Other Post Employment Benefit Obligation (Due in more than one year)	5,154,925
Net Pension Liability (OPERS) (Due in more than one year)	39,513,009
Long-Term Debt:	
Due Within One Year	3,652,323
Due in More Than One Year	27,885,000
TOTAL LIABILITIES	79,626,619
Deferred Inflows of Resources:	
Deferred Amounts Related to OPERS & OPEB	4,211,884
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	83,838,503
NET POSITION:	
Net Investment in Capital Assets	32,902,130
Restricted for Debt Service	621,794
Unrestricted	(38,704,980)
TOTAL NET POSITION/(DEFICIT)	\$ (5,181,056)

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional Services	\$ 39,701,631	\$ 1,698,670	\$ 3,562,504	\$ -	\$ (34,440,457)
Support Services	24,959,713	516,309	2,521,705	-	(21,921,699)
Community Services	2,498,088	425,627	2,224,880	-	152,419
Interest on Long-Term Liabilities	1,808,988	-	-	-	(1,808,988)
Facilities Acquisition and Construction	301	-	-	2,766,034	2,765,733
Total Governmental Activities	<u>\$ 68,968,721</u>	<u>\$ 2,640,606</u>	<u>\$ 8,309,089</u>	<u>\$ 2,766,034</u>	<u>(55,252,992)</u>
General Revenues:					
Property Taxes Levied for General Purposes					15,999,892
Property Taxes Levied for Debt Service					2,189,534
State School Fund					40,246,588
Common School Fund					596,379
Federal Forest Fees					646,268
County School Fund					86,758
Earnings on Investments					529,538
Miscellaneous					467,040
Total General Revenues					<u>60,761,997</u>
CHANGE IN NET POSITION					5,509,005
NET POSITION/(DEFICIT) - JULY 1, 2018					<u>(10,690,061)</u>
NET POSITION/(DEFICIT) - JUNE 30, 2019					<u><u>\$ (5,181,056)</u></u>

FUND FINANCIAL STATEMENTS

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Cash and Investments	\$ 8,366,221	\$ 2,216,576	\$ 3,705,031	\$ -	\$ 14,287,828
Taxes Receivable	1,571,373	-	211,925	-	1,783,298
Due From Other Fund	65,953	-	-	-	65,953
Receivable From Other Governmental Sources	456,578	1,043,923	-	1,060,872	2,561,373
Inventory - General	209,889	-	-	-	209,889
Prepaid	2,029	469,497	-	-	471,526
TOTAL ASSETS	\$ 10,672,043	\$ 3,729,996	\$ 3,916,956	\$ 1,060,872	\$ 19,379,867
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 167,730	\$ 78,010	\$ -	\$ -	\$ 245,740
Accrued Payroll and Related Charges	1,935,432	-	-	-	1,935,432
Due To Other Fund	-	-	-	65,953	65,953
TOTAL LIABILITIES	2,103,162	78,010	-	65,953	2,247,125
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	1,364,356	-	183,776	-	1,548,132
TOTAL LIABILITIES AND DEFERRED INFLOWS	3,467,518	78,010	183,776	65,953	3,795,257
Fund Balances:					
Nonspendable	211,918	469,497	-	-	681,415
Restricted - Debt Service	-	-	621,794	-	621,794
Committed	-	3,182,489	-	-	3,182,489
Assigned - Debt Service	-	-	3,111,386	-	3,111,386
Assigned - Capital Projects	-	-	-	994,919	994,919
Unassigned	6,992,607	-	-	-	6,992,607
TOTAL FUND BALANCES	7,204,525	3,651,986	3,733,180	994,919	15,584,610
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 10,672,043	\$ 3,729,996	\$ 3,916,956	\$ 1,060,872	\$ 19,379,867

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2019

TOTAL FUND BALANCES	\$	15,584,610
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Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 70,253,429	
Accumulated Depreciation	<u>(32,927,963)</u>	37,325,466

A portion of the District's property taxes are collected after year-end but are not available to pay for current operations, therefore, are not reported as revenue in the governmental funds.	1,548,132
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The District has deferred charge associated with is 2013 advance refunding of is Series 2004 and 2005 G.O. Bonds. The deferred charge is not available to pay for current expenditures, therefore, is not reported in governmental funds.	131,599
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The asset(liability) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.	(39,513,009)
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The net deferred outflow/(inflow) associated with the District's Pension and OPEB programs are not recorded in the governmental funds as they are not available nor payable currently.	17,370,686
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The asset for the retirement health insurance account is not recorded as a governmental fund asset as it is not available nor payable currently.	303,898
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The liability for other post employment benefits obligations is not recorded as a governmental fund liability as it is not available nor payable currently.	(5,154,925)
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The liability for the District's stipend pension is not recorded in the governmental funds as it is not available nor payable currently.	(454,581)
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Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:

Long-term debt	\$ (31,537,323)	
Accrued interest	(744,461)	
Accrued compensated absences	<u>(41,148)</u>	<u>(32,322,932)</u>

TOTAL NET POSITION/(DEFICIT)	\$	<u>(5,181,056)</u>
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DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES:					
Property Taxes	\$ 16,038,368	\$ -	\$ 2,196,814	\$ -	\$ 18,235,182
State School Fund	40,223,279	-	-	-	40,223,279
Intergovernmental	1,446,323	8,215,481	-	2,639,037	12,300,841
Local Grant	-	409,028	-	-	409,028
Charges for Services	400,749	1,830,829	-	-	2,231,578
Pension Obligation Bonds (internal fee)	-	-	5,658,951	-	5,658,951
Interest on Investments	411,805	-	117,733	-	529,538
Miscellaneous	305,923	146,425	-	141,689	594,037
TOTAL REVENUES	58,826,447	10,601,763	7,973,498	2,780,726	80,182,434
PROGRAM EXPENDITURES:					
Current:					
Instruction	34,337,773	5,530,775	-	-	39,868,548
Support Services	21,538,400	3,135,653	-	-	24,674,053
Community Services	-	2,481,092	-	-	2,481,092
Capital Outlay	-	-	-	4,000,248	4,000,248
Debt Service	-	-	5,765,952	-	5,765,952
TOTAL EXPENDITURES	55,876,173	11,147,520	5,765,952	4,000,248	76,789,893
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,950,274	(545,757)	2,207,546	(1,219,522)	3,392,541
OTHER FINANCING SOURCES (USES):					
PERS UAL Lump Sum Payment	-	-	(6,000,000)	-	(6,000,000)
Transfers In	-	804,000	227,834	880,000	1,911,834
Transfers Out	(1,802,935)	-	-	(108,899)	(1,911,834)
TOTAL OTHER FINANCING SOURCES (USES)	(1,802,935)	804,000	(5,772,166)	771,101	(6,000,000)
NET CHANGE IN FUND BALANCE	1,147,339	258,243	(3,564,620)	(448,421)	(2,607,459)
FUND BALANCE - JULY 1, 2018	6,057,186	3,393,743	7,297,800	1,443,340	18,192,069
FUND BALANCE - JUNE 30, 2019	\$ 7,204,525	\$ 3,651,986	\$ 3,733,180	\$ 994,919	\$ 15,584,610

See accompanying notes to basic financial statements.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCE \$ (2,607,459)

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

Governmental funds report capital outlay as expenditures. In the statement of activities, depreciation is reported as an expense, thus allocating the asset over its useful life. This is the amount by which depreciation and reductions exceeded capital outlays.

Expenditures for capital assets	\$ 4,214,638	
Less current year depreciation	<u>(1,460,369)</u>	2,754,269

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, issuing long-term debt increases the liabilities. Repayment of principal is an expenditure in the governmental funds and a reduction of the liability in the statement of net position.

Accrued compensated absences payable	\$ 36,111	
Accrued interest	586,986	
Debt principal repaid	<u>3,462,872</u>	4,085,969

Government funds report other post-employment benefits (OPEB-RHIA) contributions as expenditures. In the statement of activities, the cost of OPEB (actuarially determined) is reported as either pension expense or income. This is the net change in OPEB related items (including deferred outflows and inflows).

164,377

Governmental funds report the effect of premiums, deferred charges, discounts when debt is issued. These amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences:

Amortization of deferred charge associated with advance refunding	(92,894)
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In the statement of activities, contributions for other post employment benefits greater than the actuarially determined amount decrease the other post employment benefit obligation. In the governmental funds, the entire contribution is recognized as an expenditure.

This is the amount by which the obligation decreased:	532,606
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A portion of the District's accrued liabilities relate to certain claims and judgments that were attributed to the prior year and settled in the current year. As a result, this is the amount of expenditure not recognized in the current year statement of activities associated with such settlements.

180,000

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

537,893

Property taxes which are not measurable and available are unavailable in the governmental funds. In the statement of activities property taxes are recognized when levied.

(45,756)

CHANGE IN NET POSITION	<u>\$ 5,509,005</u>
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NOTES TO BASIC FINANCIAL STATEMENTS

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Douglas County School District No. 4 (the District) was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board of Directors (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities and, therefore, none of them are considered component units or included in these basic financial statements.

Basis of Presentation

Government-Wide Financial Statements

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

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

Separate financial statements are provided for governmental funds. The District has no proprietary funds or fiduciary funds.

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

Special Revenue Fund - This fund accounts for funds received through Federal, State and Private grant sources. It is also used to account for the District's school lunch program, major curriculum and technology purchases, and special revenues derived from Associated Student Body activities.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

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

Capital Projects Fund - This fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds, interest earnings and transfers from other funds.

Measurement Focus and Basis of Accounting

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

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

Cash, Cash Equivalents and Investments

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

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

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes Receivable

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

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for un-collectible taxes has been established. All property taxes receivable are due from property owners within the District.

Accounts and Other Receivables

Accounts receivable and other receivables consist primarily of charges for services, claims for reimbursement of costs under various federal and state grant programs and refunds of prior year expenditures.

Grants

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

Inventories

Inventories consist of supplies held for sale or use by the District. Inventories are charged as expenditures when used and are stated at cost using the average-cost method.

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA.

Capital Assets

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

Buildings and Site Improvements	10 to 50 years
Vehicles and Equipment	5 to 30 years

Pensions

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions (continued)

The District offers its employees a tax deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code.

Post Employment Benefits

Licensed employees, classified employees, and eligible administrative employees are eligible at age fifty-eight, subject to terms of employment and bargaining agreements, for early retirement benefits. Eligible employees who elect early retirement and meet certain criteria are entitled to payment of group medical insurance premiums at the proportion currently being paid by the District. Such costs are recorded as expenses in the Special Revenue Fund and funded as premiums become due. Employees hired after July 1, 1990 are generally not eligible for benefits. In the Government-wide financial statements, the District reports its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the Governmental Funds and funded as premiums become due.

Compensated Absences

It is the District's policy to permit employees to accumulate limited earned but unused vacation and unlimited sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements and must be used within the next fiscal year.

Long-Term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts and deferred charges associated to advanced refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums, and discounts.

Deferred charges associated to the advance refunding are reported as deferred outflows of resources. Bond issuance costs are expensed as incurred.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Additionally, the District has one type of deferred inflows which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

Net Position and Fund Balance

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

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.
- *Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

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

- *Non-Spendable* – Includes items not immediately converted to cash, such as prepaid items and inventory.
- *Restricted* – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items committed by the District's Board of Directors, by formal board action.
- *Assigned* – Includes items assigned for specific purposes, authorized by the District's Superintendent and/or Chief Operations Officer.
- *Unassigned* – This is the residual classification used for those balances not included in another category.

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

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

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detailed budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and/or appropriation resolution.

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

Use of Estimates

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

New GASB Pronouncements Adopted

During the fiscal year ended June 30, 2019, the District implemented the following GASB Pronouncements:

GASB Statement No. 83, Certain Asset Retirement Obligations. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).

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

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2019:

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future GASB Pronouncements (continued)

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

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

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

GASB Statement No 91, *Conduit Debt Obligations*. Issued May 2019, this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2022.

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

NOTE 2 – CASH AND INVESTMENTS

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

Cash and investments are comprised of the following as of June 30, 2019:

Investments - LGIP	\$ 9,210,331
Deposits with financial institutions, demand deposits	5,074,797
Cash on hand	<u>2,700</u>
Total cash and investments	<u><u>\$ 14,287,828</u></u>

At year-end, the District's net carrying amount of deposits was \$5,074,797 and the bank balance was \$5,577,569. Of these deposits, \$4,987,753 was not covered by the Federal Depository Insurance Corporation (FDIC) and the National Credit Union Share Insurance Fund (NCUSIF).

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

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

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

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

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

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

The District has invested funds in the State Treasurer’s Oregon Short-term Fund Local Government Investment Pool during fiscal year 2018-2019. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

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

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

As of June 30, 2019 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

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

NOTE 3 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2019, are as follows (Governmental Activities):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 3,566,954	\$ -	\$ -	\$ 3,566,954
CIP	1,044,356	1,772,606	(843,038)	1,973,924
Total capital assets not being depreciated	<u>\$ 4,611,310</u>	<u>\$ 1,772,606</u>	<u>\$(843,038)</u>	<u>\$ 5,540,878</u>
Capital assets being depreciated:				
Site improvements	\$ 4,858,727	\$ 942,615	\$ 203,790	\$ 6,005,132
Buildings	51,667,658	1,436,515	639,248	53,743,421
Equipment	4,901,096	62,902	-	4,963,998
Total capital assets being depreciated	<u>\$ 61,427,481</u>	<u>\$ 2,442,032</u>	<u>\$ 843,038</u>	<u>\$ 64,712,551</u>
Less accumulated depreciation for:				
Site improvements	\$ (3,950,980)	\$ (234,036)	\$ -	\$ (4,185,016)
Buildings	(24,228,283)	(1,015,578)	-	(25,243,861)
Equipment	(3,288,331)	(210,755)	-	(3,499,086)
Total accumulated depreciation	<u>\$(31,467,594)</u>	<u>\$(1,460,369)</u>	<u>\$ -</u>	<u>\$(32,927,963)</u>
Total capital assets (net)				
Land	\$ 3,566,954	\$ -	\$ -	\$ 3,566,954
CIP	1,044,356	1,772,606	(843,038)	1,973,924
Site improvements	907,747	708,579	203,790	1,820,116
Buildings	27,439,375	420,937	639,248	28,499,560
Equipment	1,612,765	(147,853)	-	1,464,912
Total capital assets (net)	<u>\$ 34,571,197</u>	<u>\$ 2,754,269</u>	<u>\$ -</u>	<u>\$ 37,325,466</u>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 3 – CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2019 was charged to the following programs:

<u>Program:</u>	
Instructional Services	\$ 832,410
Support Services	584,148
Community Services	<u>43,811</u>
Total	<u><u>\$ 1,460,369</u></u>

NOTE 4 – LONG-TERM DEBT

General Obligation Bonds Payable:

Series 2013 Bonds

On May 15, 2013, the District issued \$12,705,000 federally taxable Series 2013 General Obligation Refunding bonds (Series 2013 Bonds) with an interest rate that ranges between .29% and 1.84% to advance refund \$11,680,000 of outstanding Series 2004 and Series 2005 Bonds with an average interest rate of 3.91%. Both the Series 2004 and 2005 Bonds were paid in full as of June 30, 2015. The net proceeds of \$12,568,258 (after payment of \$136,742 in underwriting fees, insurance, and other issuance costs) were used to purchase certain direct US government obligations which will be deposited in the custody of the escrow agent. The maturing principal of the government obligations, interest earned thereon, and necessary cash balance, if any, will provide sufficient payments of principal and interest on the refunded portions of the Series 2004 and 2005 Bonds. As a result, the refunded portions of the Series 2004 and 2005 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$696,704. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2020 using the effective-interest method.

Principal payments associated to the Series 2013 Bonds are due annually on December 15th and interest payments are due semiannually on June 15th and December 15th. The Series 2013 Bonds are general obligations of the District and the full faith and credit of the District is pledged to the successive owners of the Bonds. The Bonds mature on December 15, 2020 and are not subject to redemption prior to their maturity.

The Series 2013 Bonds are guaranteed by the Oregon School Bond Guaranty. Payment of the principal and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes 328.321 to 328.356.

Future maturities of General Obligation Bonds are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Series 2013</u> <u>Principal</u>	<u>Series 2013</u> <u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2020	\$ 2,180,000	\$ 53,364	\$ 2,233,364
2021	<u>1,955,000</u>	<u>18,006</u>	<u>1,973,006</u>
Total	<u><u>\$ 4,135,000</u></u>	<u><u>\$ 71,370</u></u>	<u><u>\$ 4,206,370</u></u>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 4 – LONG-TERM DEBT (continued)

Full Faith and Credit Obligations:

Series 2004 Full Faith and Credit Obligation

On June 30, 2004, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,500,000. The bonds were purchased by Bank of America in accordance with Section 1397E of the Internal Revenue Code, and as such, qualified for tax credits relating to the transaction. The bond proceeds were required to be used to provide for facility preservation and major maintenance in accordance with our QZAB financing plan.

To qualify for use of the QZAB proceeds, individual schools must qualify by meeting federal guidelines for certain economic demographics. The primary use of the funds was for renovations of the secondary schools in the District. In addition, initial funding for SB 1149 energy efficiency projects was provided by the QZAB proceeds so that projects could move forward in a timely manner.

As a result of the structure of the QZAB issue and the Bank tax credits, the District is required to repay \$1,902,965 in total payments over the 16-year term.

The District will make equal annual principal payments in the amount of \$118,935 through 2020. The payments will be placed in escrow at the purchaser's discretion, and principal payments and guaranteed interest payments on the escrow will be applied to the District obligation. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity.

Series 2007 Full Faith and Credit Obligation

In 2007 \$1,200,000 of Full Faith and Credit obligations was issued to complete SB 1149 energy efficiency projects. The 2007 Series Agreement is payable over 15 years at 4.30%. Repayment for this obligation will be provided by ongoing SB 1149 public purpose fees on electric and natural gas utility bills. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity.

Future maturities of the Full Faith and Credit Obligations are as follows:

Fiscal Year Ending June 30,	Series 2004	Series 2007	Total	Series 2004	Series 2007	Total
	QZAB Principal			QZAB Interest		
2020	\$ 118,935	\$ 96,000	\$ 214,935	\$ -	\$ 12,943	\$ 12,943
2021	-	100,000	100,000	-	8,815	8,815
2022	-	105,000	105,000	-	4,515	4,515
Total	<u>\$ 118,935</u>	<u>\$ 301,000</u>	<u>\$ 419,935</u>	<u>\$ -</u>	<u>\$ 26,273</u>	<u>\$ 26,273</u>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 4 – LONG-TERM DEBT (continued)

Pension Obligations:

Series 2002 Obligations

In October of 2002, the District participated in a pooled issuance of Series 2002A limited tax deferred interest obligations, and Series 2002B limited tax pension obligations. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from State Education Revenues.

The 2002A Obligations were issued in the aggregate original principal amount of \$5,197,283. Interest on the 2002A Obligations will be payable only at maturity (maturity dates range from 6/30/2004 to 6/30/2020), and will be compounded semiannually (for the accreted value of the Obligations of each maturity as of each June 30 and December 30). Interest on the 2002A Obligations ranges between 2.06% and 6.10% based upon the maturity date. The 2002A Obligations were not subject to optional prepayment prior to maturity. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration. Accrued interest associated with the 2002A deferred interest obligations was \$744,461 as of June 30, 2019.

The 2002B Obligations were issued in the aggregate original principal amount of \$15,150,000. Interest on the 2002B Obligations is payable semiannually June 30 and December 30 of each year until maturity (maturity dates range from 6/30/2021 to 6/30/2028). Interest on the 2002B Obligations range between 5.49% and 5.55% based upon maturity date. The 2002B Obligations maturing on June 30, 2021 are subject to prepayment prior to maturity, on or after June 30, 2007, in whole or in part. The Series 2002B Obligation maturing on June 30, 2028 is subject to mandatory prepayment prior to its stated maturity, in part, pro rata amounts the owners of the 2028 Term Obligation, on any June 30 on or after June 30, 2024, at the principal amount thereof together with accrued interest thereon to the date of prepayment, solely from mandatory sinking fund payments.

Series 2004 Obligations

In February of 2004, the District participated in a pooled issuance of Series 2004 limited tax pension obligations. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation.

The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from State Education Revenues.

The 2004 Obligations were issued in the aggregate original principal amount of \$14,900,000. Interest on the 2004 Obligations is payable semiannually on June 30 and December 30 of each year until maturity (maturity dates range from 6/30/2009 to 6/30/2028). Interest on the 2004 Obligations range between 3.66% and 5.53% based upon maturity date. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration. The 2004 Obligations are subject to prepayment as further described in the official statement.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 4 – LONG-TERM DEBT (continued)

Pension Obligations (continued):

Series 2011 Obligations

In August of 2011, the District advance refunded the 2021 debt service requirements included in the original 2002B Bond issue. The advance refunding was evaluated based on standards for advance refunding in the State of Oregon. The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from State Education Revenues. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration.

The 2011 Obligations were issued in the aggregate original principal amount of \$1,415,000. Interest on the 2011 Obligations is payable semiannually on June 30 and December 30 of each year to the maturity (matures on 6/30/2021) of the Series 2011 Obligations. Interest on the 2011 Obligations is computed at 4.12% per annum.

Pension Obligations General Note

The issuance of the Pension Obligations was evaluated based on advance refunding criteria. The total estimated savings over the life of the 2002 issuance was approximately \$9,586,850 and the 2004 issuance was \$6,324,000. The estimated present value savings was approximately \$5,488,750 for the 2002 issue and \$3,771,000 for the 2004 issue. The actual savings realized by the District over the life of the bonds is uncertain due to various legislative changes and legal issues pending with the PERS system, which could impact the District's future required contribution rate.

Future maturities of the Pension Obligations are as follows:

Fiscal Year Ending June 30,	Series 2002 Principal	Series 2004 Principal	Series 2011 Principal	Total Principal	Series 2002 Interest	Series 2004 Interest	Series 2011 Interest	Total Interest
2020	\$ 432,388	\$ 825,000	\$ -	\$ 1,257,388	\$ 1,581,116	\$ 624,024	\$ 58,227	\$ 2,263,367
2021	-	940,000	1,415,000	2,355,000	763,503	579,696	58,227	1,401,426
2022	1,540,000	1,065,000	-	2,605,000	763,504	528,720	-	1,292,224
2023	1,735,000	1,205,000	-	2,940,000	679,112	470,433	-	1,149,545
2024	1,950,000	1,355,000	-	3,305,000	583,860	403,820	-	987,680
2024-2028	8,570,000	5,950,000	-	14,520,000	1,119,992	773,921	-	1,893,913
Total	<u>\$14,227,388</u>	<u>\$11,340,000</u>	<u>\$ 1,415,000</u>	<u>\$26,982,388</u>	<u>\$ 5,491,087</u>	<u>\$ 3,380,614</u>	<u>\$ 116,454</u>	<u>\$ 8,988,155</u>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 4 – LONG-TERM DEBT (continued)

Changes in long-term debt for the year ended June 30, 2019, are as follows:

	Original Issue	Outstanding July 1, 2018	Issued	Matured	Outstanding June 30, 2019	Due in One Year
General Obligation Bonds:						
Series 2013	\$ 12,705,000	\$ 6,240,000	\$ -	\$ (2,105,000)	\$ 4,135,000	\$ 2,180,000
Full Faith and Credit Obligations:						
Series 2004 (QZAB) (direct borrowing)	2,500,000	237,870	-	(118,935)	118,935	118,935
Series 2007 (direct borrowing)	1,200,000	397,000	-	(96,000)	301,000	96,000
Total Full Faith and Credit Obligations		634,870	-	(214,935)	419,935	214,935
Pension Obligations:						
Series 2002	20,347,283	14,655,325	-	(427,937)	14,227,388	432,388
Series 2004	14,900,000	12,055,000	-	(715,000)	11,340,000	825,000
Series 2011	1,415,000	1,415,000	-	-	1,415,000	-
Total Pension Obligations		28,125,325	-	(1,142,937)	26,982,388	1,257,388
Total Long Term Debt		\$ 35,000,195	\$ -	\$ (3,462,872)	\$ 31,537,323	\$ 3,652,323
Deferred Charge on Refunding (G.O. Bonds)		\$ (224,493)	\$ -	\$ 92,894	\$ (131,599)	\$ 92,894

NOTE 5 – INTERFUND TRANSACTIONS

Inter-fund transfers for the year ended June 30, 2019 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,802,935
Special Revenue Fund	804,000	-
Debt Service Fund	227,834	-
Capital Projects Fund	880,000	108,899
Total Transfers	\$ 1,911,834	\$ 1,911,834

The District made transfers from the General Fund to the Capital Projects Fund to fund major capital projects, to the Special Revenue Fund to support district curriculum needs and technology purchases, to fund replacement vehicle purchases, and to the Debt Service Fund to make the required annual bond payments.

In addition, the Debt Service Fund charged the other Funds \$5,658,951 (20% of PERS subject payroll) for future debt service associated with its pension obligation bonds (OPERS). Of the \$5,658,951 charged, \$2,205,875 represented fiscal 2019 debt service while the balance represents an additional charge in order to build a reserve associated with future increases in annual debt service associated with the pension obligation bonds (deferred interest obligations).

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 6 – OPERATING LEASES

The District has operating leases associated with office equipment. Total expense for such leases was \$55,501 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ended June 30,	
2020	\$ 55,501
2021	<u>12,471</u>
Total	<u>\$ 67,972</u>

NOTE 7 – ACCRUED COMPENSATED ABSENCES

The changes in accrued compensated absences for the year ended June 30, 2019 are as follows:

	Accrued June 30, 2018	Earned	Taken	Accrued June 30, 2019	Due Within One Year
Governmental					
Activities	<u>\$ 77,259</u>	<u>\$ 216,083</u>	<u>\$ 252,194</u>	<u>\$ 41,148</u>	<u>\$ 41,148</u>

It is the District's opinion that the liability is current in nature as it has capped amounts which can be earned to encourage employees to take their vacation annually. The Special Revenue Fund and General Funds are typically used to liquidate this liability.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan to staff that were hired before July 1, 2003 and the District contributes to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan.

Single-Employer Defined Benefit Health Care Plan

Plan Description – The District maintains a single-employer defined benefit OPEB plan that provides post-employment health benefits to eligible employees and their spouses. Generally, the program covers all eligible employees who had 10 years or more of service as of June 30, 2000 (sunset date), who remain employed by the District until they reach retirement age. An eligible employee qualifies for 50% of the current medical insurance benefit premium if they elect to retire on June 30 following their 55th birthday. If an eligible employee elects to receive the retirement benefit before age 58, they must be continuing paying 50% of the premium for the duration of coverage. An eligible employee qualifies for 100% of the current medical insurance benefit premium if they elect to retire at age 58. The program covers employees who have qualified for early retirement to receive health insurance benefits until they reach age sixty-five.

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

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

Employees Covered by Benefit Terms – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees entering employment subsequent to June 30, 2000. As a result, the total plan members receiving the explicit benefit will decrease over time. As of June 30, 2019, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	64
Active plan members	25
	<u>89</u>

Total OPEB Liability – The districts total OPEB liability of \$5,154,925 was measured as of June 30, 2019, and was determined by an actuarial valuation date as of July 1, 2018.

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.5% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 5% and 6.5% annually (district portion was assumed 2.5% to 3.8% annually)
Mortality Rates	RP 2014 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

Changes in the Total OPEB Liability –

OPEB Liability as of June 30, 2018	\$ 5,900,339
Changes for the year:	
Service cost	200,786
Interest	200,765
Differences between expected and actual experience	(255,123)
Changes in assumptions or other input	(161,866)
Benefit payments	<u>(729,976)</u>
OPEB Liability as of June 30, 2019	<u>\$ 5,154,925</u>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

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

District's Net Pension Asset/(Liability)	1% Decrease Rate 2.5%	Current Discount Rate 3.5%	1% Increase Rate 4.5%
Total OPEB Liability	\$ 5,436,099	\$ 5,154,925	\$ 4,889,575

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

District's Net Pension Asset/(Liability)	1% Decrease 6% Graded Down to 4%	Current Trend Rate 7% Graded Down to 5% Trend Rates	1% Increase 8% Graded Down to 6%
Total OPEB Liability	\$ 4,754,206	\$ 5,154,925	\$ 5,616,199

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2019, the District recognized a reduction of expense related to OPEB of \$397,924. The reduction of OPEB expense was generated during the measurement period primarily as a result of more than anticipated investment returns at the OPEB level.

As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ -	\$ 212,603
Change of assumptions or other input:	-	134,888
Total	\$ -	\$ 347,491

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

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date)
2020	\$ (69,498)
2021	(69,498)
2022	(69,498)
2023	(69,498)
2024	(69,499)
Thereafter	-
Total	\$ (347,491)

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Retirement Health Insurance Account (RHIA)

Plan Description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700.

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the fiscal year ended June 30, 2019 for the OPEB program were: Tier1/Tier 2 – 0.50%, and OPSRP general service – 0.43%. The District contributed \$135,803 for the year ended June 30, 2019.

Pension Plan Comprehensive Annual Financial Report (CAFR) -

Oregon PERS produces an independently audited CAFR which can be found at:
<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Retirement Health Insurance Account (continued)

Actuarial Valuation - The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 9 Pension and Retirement Plans* except for the table listed below:

Actuarial assumptions:	
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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

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

As of June 30, 2019, the District reported \$303,898 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2019, the District's proportion was 0.27224383 percent.

For the year ended June 30, 2019, the District recognized a reduction of OPEB expense of \$164,377. The reduction of OPEB expense was generated during the measurement period primarily as a result of more than anticipated investment returns at the OPERS level.

As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ -	\$ 17,223
Change of assumptions:	-	964
Net difference between projected and actual earnings on investments:	-	65,520
Changes in proportionate share:	-	2,156
District's contributions subsequent to the measurement date:	135,803	-
Total	<u>\$ 135,803</u>	<u>\$ 85,863</u>

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Retirement Health Insurance Account (continued)

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

\$135,803 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as an increase to the net OPEB asset in the year ended June 30, 2020.

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

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)</u>
2020	\$ (28,777)
2021	(28,475)
2022	(22,097)
2023	(6,514)
Thereafter	-
Total	<u>\$ (85,863)</u>

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

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

District's Net Pension Asset/(Liability)	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Retirement Health Insurance Account	\$ 176,944	\$ 303,898	\$ 411,961

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

NOTE 9 – PENSION AND RETIREMENT PLANS

Tax Sheltered Annuity Plan

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. A \$20.00 licensed employee, \$20.00 classified employee, and a \$75.00 administrative employee monthly contribution is required from the District as a matching contribution for participating employees who are not eligible for early retirement benefits. 329 employees are currently receiving matching contributions and as of June 30, 2019, 329 employees were participating in the plans.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Early Retirement Stipend Pension Plan

Plan Description – The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible teachers and administrators of the District (not administered through a trust). The program generally covers licensed and administrative staff that have been continuously employed since 1990 and who remain employed by the District until they reach retirement age. Upon reaching age 55 (and having at least 9-10 years of service as of June 30, 2000 – sunset date), an employee may elect early retirement. A stipend from the District is calculated by multiplying the stipend factor (between .833%-1.5%) times the final salary, times years of service (with a 12-year maximum). The maximum stipend factor is between 10%-18% depending on the age elected for retirement (i.e. 10% if elected retirement at age 55 vs. 18% if elected retirement at age 58). The stipend is paid to the participant until age 62 unless the retiree resumes participation in the Public Employees Retirement System (PERS) in any employment capacity.

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount estimated to be paid by the District for the benefit for the period ended June 30, 2019 was \$134,558. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Active plan members	14
	<u>30</u>

Total Stipend Pension Liability – The District's total stipend pension liability of \$454,581 was measured as of June 30, 2019, and was determined by an actuarial valuation date as of July 1, 2018.

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.5% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth
Annual Premium Increase Rate	Between 5% and 6.5% annually (district portion was assumed 2.5% annually)
Mortality Rates	RP 2000 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Early Retirement Stipend Pension Plan (continued)

Changes in the Stipend Pension Liability –

Stipend Pension Liability as of June 30, 2018	\$ 589,264
Changes for the year:	
Service cost	9,680
Interest	18,608
Differences between expected and actual experience	(23,792)
Changes in assumptions or other input	(4,621)
Benefit payments	<u>(134,558)</u>
Stipend Pension Liability as of June 30, 2019	<u><u>\$ 454,581</u></u>

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

District's Net Pension Asset/(Liability)	1% Decrease Rate 2.5%	Current Discount Rate 3.5%	1% Increase Rate 4.5%
Total Stipend Pension Liability	\$ 465,807	\$ 454,581	\$ 443,222

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2019, the District recognized a reduction in stipend pension expense of \$134,683. As of June 30, 2019, the District reported no deferred outflows or inflows associated with its stipend pension plan.

Oregon Public Employees Retirement Plan

Plan Description - Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

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

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Oregon Public Employees Retirement Plan (continued)

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

Tier One/Tier Two Retirement Benefit (Chapter 238)

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

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

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

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

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

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

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

Pension Benefits - The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Oregon Public Employees Retirement Plan (continued)

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

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.

OPSRP Pension Program (Chapter 238A)

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

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

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

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

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

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

The District's employer contributions for the year ended June 30, 2019 were \$8,332,551, excluding amounts to fund employer specific liabilities, and including \$6,000,000 which was a lump-sum payment used to prepay part of the District's unfunded actuarial liability (UAL). The contribution rates in effect for the fiscal year ended June 30, 2019 for each pension program were: Tier1/Tier 2 General Service – 12.58 and OPSRP General Service – 7.14%.

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

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Oregon Public Employees Retirement Plan (continued)

Actuarial Valuation - The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability -

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial assumptions: Actuarial cost method Inflation rate Long-term expected rate of return ¹ Discount rate Projected salary increases Cost of living adjustments (COLA)	Entry age normal 2.50 percent 7.20 percent 7.20 percent 3.50 percent Blend of 2.00% COLA and graded COLA (1.25%/0.15%) 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 valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Oregon Public Employees Retirement Plan (continued)

Assumed Asset Allocation -

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

Investment Rate of Return -

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return</u>
Core fixed income	8.00%	4.00%
Short-term bonds	8.00%	3.61%
Intermediate-term bonds	3.00%	5.42%
High yield bonds	1.00%	6.20%
Large/Mid cap US equities	15.75%	6.70%
Small Cap US equities	1.31%	6.99%
Micro Cap US equities	1.31%	7.01%
Developed foreign equities	13.13%	6.73%
Emerging market equities	4.12%	7.25%
Non-US small Cap equities	1.88%	7.22%
Private equities	17.50%	7.97%
Real estate (property)	10.00%	5.84%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	2.50%	4.64%
Hedge fund - event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.86%	4.58%
Total	<u>100.00%</u>	
Assumed inflation - mean		2.50%

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Oregon Public Employees Retirement Plan (continued)

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

As of June 30, 2019, the District reported a liability of \$39,513,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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 June 30, 2019, the District's proportion was approximately 0.26083462 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$5,462,107. Pension expense was generated during the measurement period as a result of less than anticipated investment returns at the OPERS level. The \$5,462,107 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Community Services expense using allocation percentages of 59%, 38% and 3%, respectively.

As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ 1,344,114	\$ -
Change of assumptions:	9,186,700	-
Net difference between projected and actual earnings on investments:	-	1,754,601
Changes in proportionate share:	2,554,758	-
Differences between employer contributions and employer's proportionate share of system contributions:	28,644	2,023,929
District's contributions subsequent to the measurement date:	2,332,551	-
District's contributions to side account subsequent to the measurement date:	6,000,000	-
Total	<u>\$ 21,446,767</u>	<u>\$ 3,778,530</u>

\$8,332,551 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a decrease of the net pension liability in the year ended June 30, 2020.

Contribution/Side Account Funding Subsequent to Measurement Date

On August 1, 2018, the District made a lump-sum payment of \$6,000,000 in order to establish an OPERS side account. Side accounts are an increase in an employer's assets, reducing the gap between assets and liabilities, thereby reducing the employer's UAL. Side accounts are invested by the Oregon State Treasury in the Oregon Public Employees Retirement Fund (OPERF). Earnings or losses are applied to the account at the end of each year. This account is attributed solely to the employer making the payment and is held separate from other employer reserves.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Oregon Public Employees Retirement Plan (continued)

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

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)</u>
2020	\$ 5,048,214
2021	3,567,756
2022	(249,563)
2023	692,941
2024	276,338
Thereafter	-
Total	<u>\$ 9,335,686</u>

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

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

District's Net Pension Asset/(Liability)	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Defined Benefit Pension Plan	\$ (66,033,703)	\$ (39,513,009)	\$ (17,622,347)

Defined Contribution Plan – Individual Account Program (IAP)

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

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

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

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

Contributions - During 2019, the District, as an employee benefit, paid the employees portion of the contribution. For the year ended June 30, 2019, the District paid \$1,760,809 for this contribution.

Changes in Assumptions and Methods Related to OPERS and RHIA

A summary of key changes implemented since the December 31, 2015 valuation are noted below. Additional detail and list of changes can be found in the 2016 Experience Study for the System, which can be found at: <http://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

- Assumed average annual future long-term investment return was lowered from 7.50 percent to 7.20 percent
- Interest crediting on regular and variable member accounts was also lowered to 7.20 percent
- Assumed administrative expenses were updated to both Tier 1/Tier 2 and OPSRP
- Mortality assumptions were changed to reflect updated base tables and mortality improvement projection scales for all groups
- Termination, disability and retirement rates were updated for some groups to more closely match observed experience
- Assumptions for merit increases, annual sick leave, and vacation pay were updated
- The assumed healthcare cost trend rates for the RHIPA program as well as the participation assumptions for both RHIA and RHIPA were updated
- The percentages used for allocating accrued liability for Tier 1/Tier 2 active members who have earned service with multiple OPERS employers were updated

NOTE 10 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for these risks of loss.

NOTE 12 –CONTINGENCIES

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 13 – FUND BALANCE AND NET POSITION

Amounts on the Governmental Funds Balance Sheet are committed for the following:

<u>Special Revenue Fund</u>	<u>Amount</u>
Miscellaneous grants	\$ 528,123
Technology education program	228,896
Instructional needs	574,726
Rental properties	104,303
Purchase of vehicles	90,000
Associated student body accounts	959,849
Breakfast and lunch program	696,592
Total Committed Funds	\$ 3,182,489

NOTE 14 – CONSTRUCTION COMMITMENTS

The District has active construction projects as of June 30, 2019. The projects include various improvements to selected schools and seismic upgrades funded by the State of Oregon. As of June 30, 2019, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Remaining Commitment</u>
Fullerton Seismic Rehabilitation	\$ 1,393,469	\$ 734,173	\$ 659,296
Hucrest Seismic Rehabilitation	1,708,034	527,105	1,180,929
Melrose Seismic Rehabilitation	736,863	187,301	549,562
Total	\$ 3,838,366	\$ 1,448,579	\$ 2,389,787

NOTE 15 – TAX ABATEMENTS

As of June 30, 2019, Douglas County provides certain tax abatement programs that impact the District. Those programs are as follows:

Non-Profit Low Income Rental Housing (ORS 307.515)

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

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

The property tax exemption applies only to the tax levy of a governing body that adopts the provisions of ORS 307.515.

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 15 – TAX ABATEMENTS (continued)

Enterprise Zone (ORS 285.597)

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

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

For the fiscal year ended June 30, 2019, Douglas County abated property taxes totaling \$62,239 under these programs:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Non-Profit Low Income Rental Housing	\$ 35,637
Enterprise Zone	<u>26,602</u>
	<u>\$ 62,239</u>

NOTE 16 – SUBSEQUENT EVENTS

Management of the District has evaluated events and transactions occurring after June 30, 2019 through December 10, 2019, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Douglas County School District No.4 Proportionate Share of Net Pension Asset/(Liability)

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.2608346%	0.2375517%	0.2276021%	0.2237450%	0.2233169%	0.2233169%
District's proportion of the net pension asset/(liability)	\$ (39,513,009)	\$ (32,022,059)	\$ (34,168,364)	\$ (12,846,235)	\$ 5,061,957	\$ (11,396,189)
District's covered-employee payroll	\$ 28,338,797	\$ 27,589,159	\$ 26,974,079	\$ 23,433,260	\$ 24,845,141	\$ 25,116,153
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	139.43%	116.07%	126.67%	54.82%	20.37%	45.37%
Plan fiduciary net position as a percentage of the total pension liability	82.06%	83.12%	80.53%	91.88%	103.59%	91.97%

Douglas County School District No. 4 Contributions

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,332,551	\$ 2,401,770	\$ 1,306,185	\$ 1,487,654	\$ 2,349,931	\$ 2,329,058
Contribution in relation to the contractually required	(2,332,551)	(2,401,770)	(1,306,185)	(1,487,654)	(2,349,931)	(2,329,058)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 29,705,347	\$ 28,338,797	\$ 27,589,159	\$ 26,974,079	\$ 23,433,260	\$ 24,845,141
Contributions as a percentage of covered-employee payroll	7.85%	8.48%	4.73%	5.52%	10.03%	9.37%

Notes to Schedule -

A summary of key changes implemented since the December 31, 2015 valuation are described in Note 9 in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the system, which was published in July 2017, and can be found at: <https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Other Information:

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS -
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Douglas County School District No.4 Proportionate Share of Net Pension Asset/(Liability)

	<u>2019</u>	<u>2018</u>
District's proportion of the net pension asset/(liability)	27.22438300%	0.26942259%
District's proportion of the net pension asset/(liability)	\$ 303,898	\$ 112,441
District's covered-employee payroll	\$ 28,338,797	\$ 27,589,159
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	1.07%	0.41%
Plan fiduciary net position as a percentage of the total pension liability	123.99%	108.88%

Douglas County School District No. 4 Contributions

	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 135,803	\$ 131,821
Contribution in relation to the contractually required	<u>(135,803)</u>	<u>(131,821)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 28,338,797	\$ 28,338,797
Contributions as a percentage of covered-employee payroll	0.48%	0.47%

Notes to Schedule -

Significant methods and assumptions:

Significant methods and assumptions used in calculating the actuarially determined proportionate share of the net pension asset and contributions are described in Note 8 to the financial statements.

Other Information:

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGE IN THE DISTRICT'S NET PENSION
LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019

Total Pension Liability (Stipend):	2019	2018	2017
Service cost	\$ 9,680	\$ 9,398	\$ 9,398
Interest	18,608	23,611	30,832
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(23,792)	-	-
Changes of assumptions of other inputs	(4,621)	-	-
Benefit payments	(134,558)	(227,345)	(265,672)
Net change in total pension liability (Stipend)	(134,683)	(194,336)	(225,442)
Total pension liability (Stipend) - beginning	589,264	783,600	1,009,042
Total pension liability (Stipend) - ending	<u>\$ 454,581</u>	<u>\$ 589,264</u>	<u>\$ 783,600</u>
Estimated covered - employee payroll	\$ 960,722	\$ 1,356,804	\$ 1,317,285
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	47.32%	43.43%	59.49%

Notes to Schedule -

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

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 9 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019

Total OPEB Liability (Medical Subsidy):	2019	2018	2017
Service cost	\$ 200,786	\$ 194,938	\$ 194,938
Interest	200,765	209,986	225,971
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(255,123)	-	-
Changes of assumptions of other inputs	(161,866)	-	-
Benefit payments	(729,976)	(813,449)	(941,769)
Net change in total OPEB liability (Medical Subsidy):	(745,414)	(408,525)	(520,860)
Total OPEB liability - beginning	5,900,339	6,308,864	6,829,724
Total OPEB liability - ending	<u>\$ 5,154,925</u>	<u>\$ 5,900,339</u>	<u>\$ 6,308,864</u>
Estimated covered - employee payroll	\$ 26,501,668	\$ 27,421,654	\$ 26,622,965
Total OPEB liability as a percentage of estimated covered - employee payroll	19.45%	21.52%	23.70%

Notes to Schedule -

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

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 8 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ADOPTED	FINAL	ACTUAL	
REVENUES:				
Local Sources:				
Property Taxes	\$ 15,380,000	\$ 15,380,000	\$ 16,038,368	\$ 658,368
Charges for Services	384,500	384,500	400,749	16,249
Investment Earnings	100,000	100,000	411,805	311,805
Miscellaneous	204,874	204,874	276,748	71,874
Intermediate Sources:				
Intergovernmental	170,000	170,000	203,676	33,676
State Sources:				
State School Fund	39,736,189	39,736,189	40,223,279	487,090
Intergovernmental	590,591	590,591	596,379	5,788
Federal Sources:				
Intergovernmental	-	-	646,268	646,268
TOTAL REVENUES	56,566,154	56,566,154	58,797,272	2,231,118
EXPENDITURES:				
Current:				
Instruction	35,086,136	35,086,136	34,337,773	748,363
Support Services	21,547,083	21,547,083	21,538,400	8,683
Contingency	1,280,000	1,280,000	-	1,280,000
TOTAL EXPENDITURES	57,913,219	57,913,219	55,876,173	2,037,046
EXCESS OF REVENUE OVER/(UNDER) EXPENDITURES	(1,347,065)	(1,347,065)	2,921,099	4,268,164
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of assets	-	-	29,175	29,175
Transfers Out	(1,802,935)	(1,802,935)	(1,802,935)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,802,935)	(1,802,935)	(1,773,760)	29,175
NET CHANGE IN FUND BALANCE	(3,150,000)	(3,150,000)	1,147,339	4,297,339
FUND BALANCE - JULY 1, 2018	3,700,000	3,700,000	6,057,186	2,357,186
FUND BALANCE - JUNE 30, 2019	\$ 550,000	\$ 550,000	\$ 7,204,525	\$ 6,654,525

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ADOPTED	FINAL		
REVENUES:				
Local Sources:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Local Grant	513,952	513,952	409,028	(104,924)
Charges for Services	1,454,000	1,454,000	1,830,829	376,829
Miscellaneous	21,250	21,250	146,425	125,175
Intermediate Sources:				
Intergovernmental	244,400	244,400	316,278	71,878
State Sources:				
Intergovernmental	1,136,744	1,893,936	2,648,016	754,080
Federal Sources:				
Intergovernmental	5,639,659	5,639,659	5,251,187	(388,472)
TOTAL REVENUES	9,035,005	9,792,197	10,601,763	809,566
EXPENDITURES:				
Current:				
Instruction	6,439,309	6,588,466	5,530,775	1,057,691
Supporting Services	3,092,970	3,701,005	3,135,653	565,352
Community Services	2,889,887	2,889,887	2,481,092	408,795
Capital Outlay	73,800	73,800	-	73,800
TOTAL EXPENDITURES	12,495,966	13,253,158	11,147,520	2,105,638
EXCESS OF REVENUE OVER/(UNDER) EXPENDITURES	(3,460,961)	(3,460,961)	(545,757)	2,915,204
OTHER FINANCING SOURCES (USES):				
Transfers In	804,000	804,000	804,000	-
TOTAL OTHER FINANCING SOURCES (USES)	804,000	804,000	804,000	-
NET CHANGE IN FUND BALANCE	(2,656,961)	(2,656,961)	258,243	2,915,204
FUND BALANCE - JULY 1, 2018	2,656,961	2,656,961	3,393,743	736,782
FUND BALANCE - JUNE 30, 2019	\$ -	\$ -	\$ 3,651,986	\$ 3,651,986

OTHER SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ADOPTED	FINAL	ACTUAL	
REVENUES:				
Local Sources:				
Property Taxes	\$ 2,129,336	\$ 2,129,336	\$ 2,196,814	\$ 67,478
Pension Obligation Bonds (internal fee)	4,447,705	4,447,705	5,658,951	1,211,246
Interest on Investments	-	-	117,733	117,733
TOTAL REVENUES	6,577,041	6,577,041	7,973,498	1,396,457
EXPENDITURES:				
Debt Service	5,765,984	5,765,984	5,765,952	32
TOTAL EXPENDITURES	5,765,984	5,765,984	5,765,952	32
EXCESS OF REVENUE OVER/(UNDER) EXPENDITURES	811,057	811,057	2,207,546	1,396,489
OTHER FINANCING SOURCES/(USES):				
PERS UAL Lump Sum Payment	(6,098,891)	(6,098,891)	(6,000,000)	98,891
Transfers In	227,834	227,834	227,834	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,871,057)	(5,871,057)	(5,772,166)	98,891
NET CHANGE IN FUND BALANCE	(5,060,000)	(5,060,000)	(3,564,620)	1,495,380
FUND BALANCE - JULY 1, 2018	5,390,000	5,390,000	7,297,800	1,907,800
FUND BALANCE - JUNE 30, 2019	\$ 330,000	\$ 330,000	\$ 3,733,180	\$ 3,403,180

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ADOPTED	FINAL	ACTUAL	
REVENUES:				
Local Sources				
Miscellaneous	\$ 135,000	\$ 135,000	\$ 141,689	\$ 6,689
State Sources:				
Intergovernmental	5,300,000	5,300,000	2,639,037	(2,660,963)
TOTAL REVENUES	5,435,000	5,435,000	2,780,726	(2,654,274)
EXPENDITURES:				
Capital Outlay	7,381,101	7,381,101	4,000,248	3,380,853
TOTAL EXPENDITURES	7,381,101	7,381,101	4,000,248	3,380,853
EXCESS OF REVENUE OVER/(UNDER) EXPENDITURES	(1,946,101)	(1,946,101)	(1,219,522)	726,579
OTHER FINANCING SOURCES/(USES):				
Transfers In	880,000	880,000	880,000	-
Transfers Out	(108,899)	(108,899)	(108,899)	-
TOTAL OTHER FINANCING SOURCES (USES)	771,101	771,101	771,101	-
NET CHANGE IN FUND BALANCE	(1,175,000)	(1,175,000)	(448,421)	726,579
FUND BALANCE - JULY 1, 2018	1,175,000	1,175,000	1,443,340	268,340
FUND BALANCE - JUNE 30, 2019	\$ -	\$ -	\$ 994,919	\$ 994,919

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
2018-19 SCHOOL DISTRICT AUDIT ALL FUND REVENUE SUMMARY

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	16,038,368	-	2,196,814	-	-	-	-
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	-	-	-	-	-	-	-
1200 Revenue from Local Gov't Units Other Than Districts	-	-	-	-	-	-	-
1310 Regular Day School Tuition	1,200	-	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-
1400 Transportation Fees	-	-	-	-	-	-	-
1500 Earnings on Investments	411,805	-	117,733	-	-	-	-
1600 Food Service	-	422,283	-	-	-	-	-
1700 Extracurricular Activities	206,697	1,229,399	-	-	-	-	-
1800 Community Services Activities	103,856	-	-	-	-	-	-
1910 Rentals	77,225	179,147	-	-	-	-	-
1920 Contributions and Donations From Private Sources	-	409,028	-	-	-	-	-
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	-	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	5,658,951	-	-	-	-
1980 Fees Charged to Grants	11,771	-	-	-	-	-	-
1990 Miscellaneous	276,748	146,425	-	141,689	-	-	-
Total Revenue from Local Sources	17,127,670	2,386,282	7,973,498	141,689	-	-	-

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	86,758	-	-	-	-	-	-
2102 Education Service District Apportionment	116,918	314,788	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-
2200 Restricted Revenue	-	1,490	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	203,676	316,278	-	-	-	-	-

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	40,223,279	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	23,309	-	-	-	-	-
3103 Common School Fund	596,379	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	-	-	-	-	-	-	-
3204 Driver Education	-	56,205	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	2,568,502	-	2,639,037	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from State Sources	40,819,658	2,648,016	-	2,639,037	-	-	-

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Gov't	-	-	-	-	-	-	-
4200 Unrest Rev From the Federal Gov't Through the State	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	-	21,668	-	-	-	-	-
4500 Restricted Rev From the Fed Gov't Through the State	-	5,044,446	-	-	-	-	-
4700 Grants-In-Aid From the Fed Gov't Through Intermediate	-	-	-	-	-	-	-
4801 Federal Forest Fees	646,268	-	-	-	-	-	-
4802 Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	-	185,073	-	-	-	-	-
Total Revenue from Federal Sources	646,268	5,251,187	-	-	-	-	-

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-
5200 Interfund Transfers	-	804,000	227,834	880,000	-	-	-
5300 Sale of or Compensation for Loss of Fixed Assets	29,175	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	6,057,186	3,393,743	7,297,800	1,443,340	-	-	-
Total Revenue from Other Sources	6,086,361	4,197,743	7,525,634	2,323,340	-	-	-

Grand Totals	64,883,633	14,799,506	15,499,132	5,104,066	-	-	-
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DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
2018-19 SCHOOL DISTRICT AUDIT EXPENDITURE SUMMARY
FUND 100 - GENERAL FUND

Instruction Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	12,664,038	7,700,323	4,440,365	294,968	228,382	-	-	-
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	5,752,157	3,436,648	2,084,713	149,849	80,947	-	-	-
1122 Middle/Junior High Extracurricular	232,820	150,052	54,341	26,546	1,881	-	-	-
1131 High School Programs	6,348,400	3,750,466	2,291,569	136,404	169,961	-	-	-
1132 High School Extracurricular	833,749	483,255	176,013	138,688	35,793	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Talented & Gifted	-	-	-	-	-	-	-	-
1220 Restrict Prog for Students w/Disabilities	1,469,320	935,151	523,684	10,137	348	-	-	-
1250 Less Restrict Prog Students w/Disabilities	3,335,642	1,958,650	1,249,970	102,820	24,202	-	-	-
1260 Early Intervention	335,081	-	-	335,081	-	-	-	-
1271 Remediation	8,162	5,840	2,322	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	2,725,783	514,311	311,612	1,872,025	27,835	-	-	-
1291 English as a Second Language	358,202	236,675	112,670	8,037	820	-	-	-
1292 Teen Parent Program	182,622	121,473	52,512	724	7,913	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	91,797	51,782	34,508	420	5,087	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	34,337,773	19,344,626	11,334,279	3,075,699	583,169	-	-	-
Support Service Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance & Social Work Services	170,126	102,035	68,091	-	-	-	-	-
2120 Guidance Services	2,016,006	1,216,448	788,280	6,242	5,036	-	-	-
2130 Health Services	70,929	4,741	1,275	64,913	-	-	-	-
2140 Psychological Services	472,377	294,246	168,070	804	9,257	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2160 Other Treatment Services	18,954	18,954	-	-	-	-	-	-
2190 Service Direction, Student Support	544,411	197,521	107,558	56,434	2,898	-	180,000	-
2210 Improvement of Instruction	325,002	202,162	111,150	6,035	5,655	-	-	-
2220 Educational Media Services	834,524	419,722	275,850	3,747	135,205	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	72,380	19,646	6,798	45,186	750	-	-	-
2310 Board of Education Services	174,732	9,343	4,195	93,495	5,545	-	62,154	-
2320 Executive Administration Services	566,242	400,042	145,979	14,450	5,771	-	-	-
2410 Office of the Principal Services	3,803,139	2,335,934	1,334,555	111,988	20,662	-	-	-
2490 Other Support Services - School Admin	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	701,934	392,541	231,910	17,659	58,529	-	1,295	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	5,605,248	2,019,422	1,300,445	1,415,900	494,151	138,495	236,835	-
2550 Student Transportation Services	3,804,794	73,611	36,612	3,688,870	4,377	-	1,324	-
2570 Internal Services	230,980	142,950	81,102	1,521	5,407	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	574,067	292,181	201,586	44,114	36,186	-	-	-
2660 Technology Services	1,010,143	425,712	239,088	304,563	40,780	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	542,412	134,705	407,707	-	-	-	-	-
Total Support Services	21,538,400	8,701,916	5,510,251	5,875,921	830,209	138,495	481,608	-
Community Services Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition & Development Services	-	-	-	-	-	-	-	-
4150 Bldg Acquisition, Construction & Improvement	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
Other Uses Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers to Other Funds	1,802,935	-	-	-	-	-	-	1,802,935
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
6000 Contingencies	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	1,802,935	-	-	-	-	-	-	1,802,935
Total Requirements and Balances	57,679,108	28,046,542	16,844,530	8,951,620	1,413,378	138,495	481,608	1,802,935

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
2018-19 SCHOOL DISTRICT AUDIT EXPENDITURES SUMMARY
FUND 200 - SPECIAL REVENUE FUND

Instruction Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	914,834	187,444	21,236	46,315	659,838	-	-	-
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	220,671	-	-	-	220,671	-	-	-
1121 Middle/Junior High Programs	519,724	165,375	81,777	14,705	248,500	9,367	-	-
1122 Middle/Junior High Extracurricular	221,698	-	-	-	221,698	-	-	-
1131 High School Programs	795,636	78,041	36,733	82,393	546,037	50,050	2,382	-
1132 High School Extracurricular	754,663	62,588	19,021	3,935	668,216	-	904	-
1140 Pre-Kindergarten Programs	259,832	143,916	74,654	5,353	35,910	-	-	-
1210 Talented & Gifted	-	-	-	-	-	-	-	-
1220 Restrict Prog for Students w/Disabilities	511,991	290,680	192,507	27,015	1,789	-	-	-
1250 Less Restrict Prog Students w/Disabilities	296,023	193,312	100,800	-	1,911	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	963,762	532,550	310,871	15,092	105,248	-	-	-
1280 Alternative Education	34,627	1,200	281	-	16,721	16,425	-	-
1291 English as a Second Language	3,659	-	-	3,659	-	-	-	-
1292 Teen Parent Program	10,449	7,163	3,286	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	23,204	9,276	9,441	3,592	896	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	5,530,775	1,671,545	850,606	202,060	2,727,435	75,842	3,286	-
Support Service Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance & Social Work Services	140,272	87,035	52,836	218	183	-	-	-
2120 Guidance Services	36,179	-	-	36,179	-	-	-	-
2130 Health Services	172,954	105,961	51,740	7,672	7,580	-	-	-
2140 Psychological Services	72,273	42,911	29,362	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2160 Other Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	92,369	58,040	34,151	177	-	-	-	-
2210 Improvement of Instruction	1,132,564	652,367	329,863	8,975	141,360	-	-	-
2220 Educational Media Services	2,740	2,060	680	-	-	-	-	-
2230 Assessment & Testing	66,346	-	-	1,099	65,247	-	-	-
2240 Instructional Staff Development	756,232	226,701	102,345	353,829	63,968	-	9,389	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	10,548	6,901	2,648	-	1,000	-	-	-
2490 Other Support Services - School Admin	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	164,594	-	-	132,419	637	355	31,183	-
2550 Student Transportation Services	6,141	3,714	2,050	378	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	16,461	272	96	-	16,094	-	-	-
2660 Technology Services	465,981	63,640	38,083	-	364,258	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	3,135,653	1,249,600	643,853	540,946	660,326	355	40,572	-
Community Services Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	2,449,860	675,982	455,244	72,756	1,245,877	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	31,232	1,421	520	-	29,292	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	2,481,092	677,403	455,764	72,756	1,275,169	-	-	-
Facilities Acquisition and Construction Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition & Development Services	-	-	-	-	-	-	-	-
4150 Bldg Acquisition, Construction & Improvement	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
Other Uses Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers to Other Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
6000 Contingencies	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	-	-
Total Requirements and Balances	11,147,519	3,598,549	1,950,224	815,761	4,662,931	76,197	43,858	-

DOUGLAS COUNTY DISTRICT NO. 4
2018-19 SCHOOL DISTRICT AUDIT EXPENDITURE SUMMARY
FUND 300 - DEBT SERVICE FUND

Instruction Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	-	-	-	-	-	-	-	-
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122 Middle/Junior High Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Talented & Gifted	-	-	-	-	-	-	-	-
1220 Restrict Prog for Students w/Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrict Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1260 Early Intervention	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
Support Service Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2160 Other Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Admin	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
Community Services Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition & Development Services	-	-	-	-	-	-	-	-
4150 Bldg Acquisition, Construction & Improvement	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
Other Uses Expenditures	Total	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	5,765,952	-	-	-	-	-	5,765,952	-
5200 Transfers to Other Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Lump Sum Payment to PERS	6,000,000	-	-	-	-	-	6,000,000	-
6000 Contingencies	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	11,765,952	-	-	-	-	-	11,765,952	-
Total Requirements and Balances	11,765,952	-	-	-	-	-	11,765,952	-

SUPPLEMENTAL INFORMATION

School District Business Managers and Auditors:

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

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

	Objects 325 & 326 & *327
Function 2540	\$ 1,026,522
Function 2550	\$ 0

B. Replacement of Equipment – General Fund:
Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

\$ 0

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

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Douglas County School District No. 4
Roseburg, Oregon 97470

We have audited the basic financial statements of Douglas County School District No. 4 (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 10, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-3200 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-3200 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

Restrictions on Use

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

A handwritten signature in black ink, appearing to read 'Mark E. Damon', with a stylized flourish at the end.

Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 10, 2019

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

Board of Directors
Douglas County School District No. 4
Roseburg, Oregon 97470

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Douglas County School District No. 4 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read 'Mark E. Damon', with a stylized flourish at the end.

Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 10, 2019

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

To the Board of Directors
Douglas County School District No. 4
Roseburg, Oregon 97470

Report on Compliance for Each Major Federal Program

We have audited Douglas County School District No. 4's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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



Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 10, 2019

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Expenditures
U.S. Department of Education:			
Passed Through Oregon Department of Education:			
Title IA:			
Main IA	84.010	45687	\$ 209,828
Main IA	84.010	50477	1,477,816
ESSA, Phase 1	84.010	51430	5,771
ESSA, Phase II	84.010	51449	3,332
Total Title I			<u>1,696,746</u>
Vocational Ed. Reg. Program:			
Vocational Education Basic	84.048	44283	9,456
Vocational Education Basic	84.048	48908	55,652
Total Vocational Ed. Reg. Program			<u>65,108</u>
IDEA Part B:			
IDEA, Section 611	84.027	45164	95,473
IDEA, Section 611	84.027	49868	862,501
IDEA Enhancement	84.027	51245	6,784
IDEA Extended Assessment	84.027	49127	1,099
IDEA SPR & I	84.027	49496	4,881
Post School Outcomes (PSO)	84.027	52227	375
IDEA, Section 619	84.173	50063	11,180
Total IDEA Cluster			<u>982,293</u>
Title IIA Improving Teacher Quality:			
Title IIA Improving Teacher Quality	84.367	49400	222,825
Total Title IIA Improving Teacher Quality			<u>222,825</u>
Title III English Language Acquisition:			
Title III English Language Acq	84.365	44209	3,659
Total Title III English Language Acq			<u>3,659</u>
Rural and Low Income Schools:			
Rural and Low Income Schools	84.358	47610	17,741
Rural and Low Income Schools	84.358	50867	14,443
Total Rural and Low Income Schools			<u>32,184</u>
Student Support and Academic Enrichment 17-19:			
Title IV - Student Support and Academic Enrichment	84.424	50816	90,055
Total Title IV - Student Support and Academic Enrichment			<u>90,055</u>
Direct Federal Award:			
Title VII Indian Education	84.060A	N/A	21,668
Total U.S. Department of Education			<u>3,114,539</u>
U.S. Department of Health and Human Services:			
Passed Through Oregon Department of Education:			
Child Care and Development Block Grant	93.575	N/A	1,617
Foster Care Transportation	93.658	47400	5,763
Total U.S. Department of Health and Human Services			<u>7,380</u>
U.S. Department of Agriculture:			
Passed Through Oregon Department of Education:			
School Breakfast Program	10.553	N/A	638,354
National School Lunch	10.555	N/A	1,244,420
Summer Food Service	10.559	N/A	25,823
Commodities (Note C)	10.555	N/A	179,310
Total Child Nutrition Cluster			<u>2,087,907</u>
Child Care Food	10.558	N/A	34,656
National Sch Lunch SAE Admin	10.560	N/A	6,705
Passed Through Douglas County Management & Finance:			
Schools and Roads - Grants to States	10.665	N/A	646,268
Total U.S. Department of Agriculture			<u>2,775,536</u>
Total Federal Expenditures			<u>\$ 5,897,455</u>

Note: There were no awards passed through to subrecipients

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE A – BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Douglas County School District No. 4 (the District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, and changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – INDIRECT COST RATE

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

DOUGLAS COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the District.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance for the major federal award programs for the District expressed an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance reported in this schedule.
7. The programs tested as major were:

U.S. Department of Education:	
IDEA Cluster	CFDA: 84.027, 84.173
U.S. Department of Agriculture:	
Schools and Roads - Grants to States	CFDA: 10.665
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. The district qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None