



**BANDON SCHOOL  
DISTRICT NO. 54**

*Coos County  
School District No. 54*

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**COOS COUNTY SCHOOL DISTRICT NO. 54  
ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended June 30, 2019**

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**DISTRICT OFFICIALS**

**COOS COUNTY SCHOOL DISTRICT NO. 54**

**DISTRICT OFFICIALS**

**June 30, 2019**

**Board of Directors**

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Doug Ardiana – Superintendent

District Office  
455 Ninth Street SW  
Bandon, OR 97411

# **FINANCIAL SECTION**



INDEPENDENT AUDITOR’S REPORT

December 20, 2019

To the Board of Directors of Coos County School District No. 54:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of Coos County School District No. 54 (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 unmodified and qualified audit opinions.

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Special Grant Fund	Unmodified
Debt Service Fund	Unmodified
Capital Project Fund	Unmodified

## **Basis for Qualified Opinion on Governmental Activities**

The District has chosen to not adopt Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is required by accounting principles generally accepted in the United States of America. Because the District did not determine the amount of their liability under GASB Statement No. 75, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

## **Qualified Opinion on Governmental Activities**

In our opinion, except for the effects of not implementing GASB Statement No. 75, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Coos County School District No. 54 as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Coos County School District No. 54 as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budget and actual schedules for the General Fund and major Special Revenue Fund, the Schedule of Proportionate Share of Net Pension Liability and of Contributions to Net Pension Liability, (the required supplementary 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 have applied certain limited procedures to management's discussion and analysis and to the Schedule of Proportionate Share of Net Pension Liability and of Contributions to Net Pension Liability in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, or the Schedule of Proportionate Share of Net Pension Liability and of Contributions to Net Pension Liability because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



The budget and actual schedules for the General Fund and Special Revenue Fund, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coos County School District No. 54's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

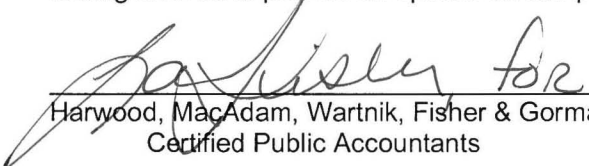
This supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on the other information.

**Other Reporting Required by Government Auditing Standards and Oregon Revised Statutes**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of Coos County School District No. 54's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 20, 2019, on our consideration of the Coos County School District No. 54's compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0320. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance. Accordingly, we do not express such an opinion.

  
Harwood, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants

**BANDON SCHOOL DISTRICT NO. 54**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**June 30, 2019**

**MANAGEMENT DISCUSSION AND ANALYSIS**

This section of Bandon School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. The intent of the Management Discussion and Analysis (MD&A) is to look at the school district's financial performance as a whole. With this in mind, please also refer to the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2019 by \$4.87 million. In the prior year, the excess was \$5.1 million. This increase is partially attributable to higher than anticipated state school funding and conservative spending of operating expenses.
- On the fund basis, fund balances increased about \$68,000. This is down significantly from the prior year which had an increase of \$370,000 but is more in alignment with prior years.
- State school funding revenue decreased about \$270,000 from the prior year partially because the District deferred \$188,000 of the current year receipts. Another contributing factor was declining student enrollment.
- The debt service fund decreased by \$82,000, a result of higher principal payments and lower tax collection.
- The General Fund ending fund balance increased in an amount very close to the prior year, \$286,000 in 18-19 compared to \$319,000 in 17-18. The district anticipated the need to maintain as much fund balance as possible to prepare for the PERS increases that will occur over the next ten years. The current estimate is that the PERS percentage will need to increase by 6%+ for each biennium for the next 3 biennia's.
- The General Fund accounted for \$7.8 million or 73.6% of the total revenue with the Special Revenue Fund accounting for \$1.5 million or 14.4% and the Capital Projects Fund accounting for \$1.1 million or 10.2%. While the dollar amounts are slightly different, these percentages are very consistent with the prior five years, with the exception of the Capital Projects Fund which increased due to Seismic Grant projects.
- Total expenditures for the year were \$10.6 million, down about \$100,000 from the prior year. Capital project Seismic Grant expenditures in 17-18 accounted for decrease. The General fund expenditures increased by 1% as the District attempts to keep costs down.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. 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.

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

In the government-wide financial statements, the District's activities are shown as governmental activities. All basic District functions are shown here, such as instruction, support services, community services. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues. The government-wide financial statements are found in the basic financial statement section of this report, as described in the table of contents.

**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 Bandon School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are 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 the District's near-term financing requirements.

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

The District maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Special Revenue Fund, Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. The basic governmental fund financial statements can be found in the basic financial statement section this report, immediately following the statement of net position and statement of activities.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found directly after the governmental fund financial statements.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund and other major funds. Required supplementary information, as well as supplemental information, can be found following the notes to the basic financial statements, as shown in the table of contents.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, changes in net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4.87 million as of June 30, 2019. Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and furniture and equipment, represent about 57% of total assets. The remaining assets consist mainly of cash and cash equivalents, intergovernmental and property taxes receivable.

Table 1 provides a comparative summary of the District's net assets for the years ending June 30, 2019 and 2018.

TABLE 1		
COOS COUNTY SCHOOL DISTRICT NO. 54		
STATEMENT OF NET POSITION		
	2019	2018
<b>Assets</b>		
Current assets	\$ 5,040,968	\$ 4,750,880
Capital assets	6,850,822	6,883,534
Total assets	<u>11,891,790</u>	<u>11,634,414</u>
<b>Deferred outflows</b>	<u>3,393,260</u>	<u>2,760,071</u>
<b>Liabilities</b>		
Long-term debt	8,167,459	7,230,677
Other liabilities	1,032,231	790,755
Total liabilities	<u>9,199,690</u>	<u>8,021,432</u>
<b>Deferred inflows</b>	<u>1,216,657</u>	<u>1,261,505</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	5,932,288	5,720,904
Restricted	538,994	550,067
Unrestricted	<u>(1,602,579)</u>	<u>(1,159,423)</u>
Total net position	<u>\$ 4,868,703</u>	<u>\$ 5,111,548</u>

About \$5.9 million of the District's net assets reflect its investment in capital assets (e.g. land, buildings, vehicles and equipment); less any related debt used to acquire those assets that are 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), since the capital assets themselves cannot be used to liquidate these liabilities. Capital asset additions include the purchase of a new phone system, renovating the high school gym floor, a digital scoreboard and new photo copy machines at all three schools.

The District's total net position decreased by approximately \$243,000. The decrease is attributed to depreciation and the change in measurement of the District's proportionate share of the Oregon Public Employee Retirement System liability.

Current liabilities, excluding liabilities for long-term debt, total approximately \$1 million compared to the 17-18 year of \$781,000. The District had a change in accounting principal in 2017-18 and as a result the District is no longer reporting other post-employment benefit liability that at June 30, 2017 totaled \$440,000. The remaining current liabilities consist mainly of payables on accounts, salaries and benefits.

Table 2 shows the comparative changes in net position for the years ending June 30, 2019 and 2018, respectively.

Table 2		
CHANGE IN NET POSITION		
	2019	2018
<b>REVENUES:</b>		
Program revenues:		
Charges for services and contracts	\$ 458,748	\$ 581,914
Operating grants and contributions	1,584,907	980,692
Capital grants and contributions	1,083,263	1,692,587
General revenues:		
Property taxes	3,932,401	3,836,590
State and local sources	3,409,826	3,824,446
Earnings on investments	114,219	61,706
Total revenues	<u>10,583,364</u>	<u>10,977,935</u>
<b>EXPENSES:</b>		
Instruction	(6,155,954)	(5,404,864)
Support services	(3,995,095)	(4,424,936)
Community services	(363,749)	(329,819)
Interest on long-term debt	(51,013)	(58,812)
Unallocated depreciation	(260,398)	(247,993)
Total expenses	<u>(10,826,209)</u>	<u>(10,466,424)</u>
Increase (decrease) in net position	<u>(242,845)</u>	<u>511,511</u>
Net position - beginning of year	5,111,548	4,158,713
Prior period adjustment	-	441,324
Net position - ending	<u>\$ 4,868,703</u>	<u>\$ 5,111,548</u>

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

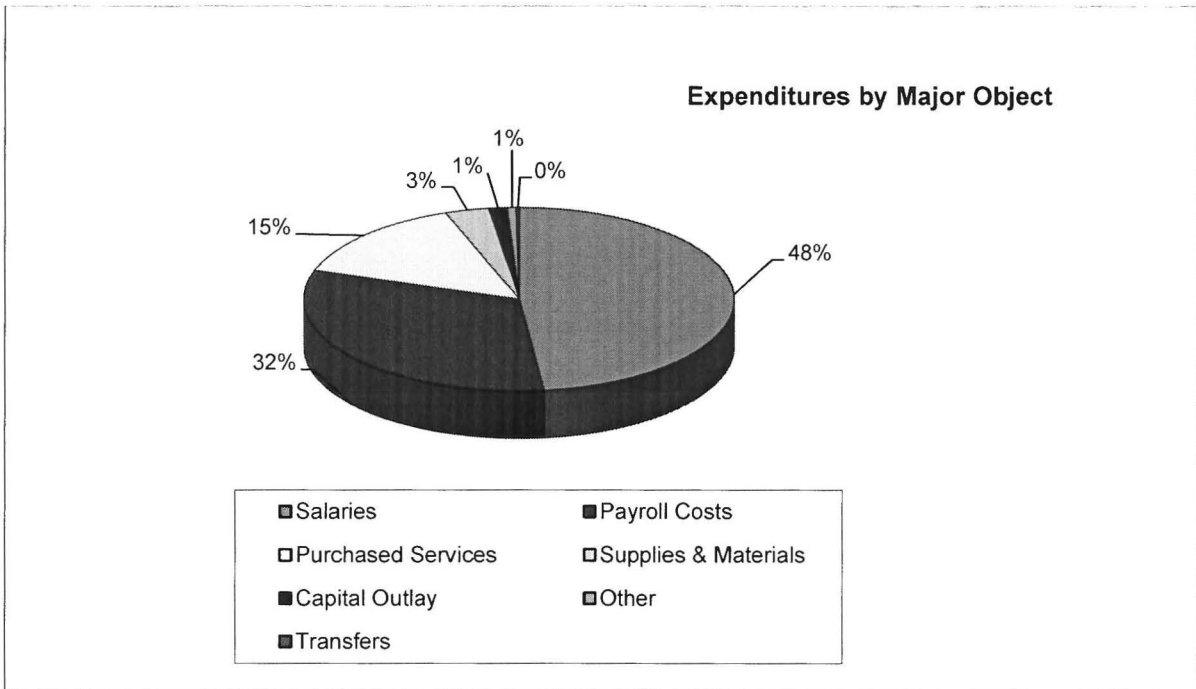
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**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 the District'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 balances of \$3.61 million, a decrease of \$68,000.

- *General Fund:* The General Fund is the primary operating fund of the District. As of June 30, 2019, unassigned fund balance was \$2.3 million. This is an increase of about \$291,000 from the prior year. This increase is related to increased revenue from taxes, interest on investments, rentals, recovery of prior year's expenditures, basic support from ODE, grants and proceeds from lease agreements.

- *Special Revenue Fund:* The Special Revenue Fund accounts for revenue sources that are legally restricted to expenditure for specific purposes (not including debt service or major capital projects). These include state and federal grants, student body activities, food service, specific purpose donations and transportation. The Special Revenue Fund ended the year with an ending fund balance of \$464,000. Since most of this fund balance is legally restricted, it is not available for other purposes.
- *Debt Service Fund:* The Debt Service Fund had an ending fund balance of approximately \$578,000. This fund balance will be used to pay the balloon payment of \$550,000 that is due in 2021. The 2010 General Obligation Bond collections began in the 11-12 year.
- *Capital Projects Fund:* The Capital Projects Fund–The Seismic Retro-Fit project began in 15-16, accounting for increased expenses over the previous year. The Seismic Rehabilitation Grant Program (SRGP) is a competitive grant program which provides public buildings and schools with funding for seismic rehabilitation. In 18-19, the District completed the last of three seismic rehabilitation grant projects. These grants have been very beneficial in improving the safety concerns addressed by the school district administration and school board members.

The chart below identifies the major expenditure categories and their percentage related to total General Fund expenditures. The percentages shown are consistent when compared to the previous year. In 18/19 salary and benefits decreased by 3%, accounting for 80% of the overall General Fund expense.



### CURRENT FINANCIAL ISSUES AND CONCERNS BEARING ON THE FUTURE

The District's student population continues to decline requiring the district to be prudent with the fund balance that currently exceeds expectations. This fund balance allowed the district to maintain the same staffing and class sizes compared to previous years. Student enrollment forecasting enables the district to anticipate the need to reduce administrative cost in 19/20 to offset the loss of State School funding.

Several changes have created an increase in PERS payroll related costs for at least the next three fiscal years. The PERS biennium contribution percentage increased as of July 1<sup>st</sup> 2019 and the passing of senate bill 1049 creates a new budgetary need. Senate bill 1049 requires the district to pay PERS Tier and UAL contributions based on their wages earned after January 1<sup>st</sup> 2020, ending December 31<sup>st</sup> 2022. Prior to January 1, 2020, no contributions were made on retiree wages. District-wide austerity measures have been implemented in regards to re-hiring PERS retirees.

The District received the last of our Seismic Rehabilitation grants to increase the safety of the High School Gymnasium. These grants have been invaluable and provide the District with assurances that all our buildings will be safer in the event of a catastrophic earthquake which the district would otherwise be unable to accomplish. The district is concerned regarding the long term maintenance needs of our buildings and other campus facilities. Appropriate fiscal planning for these needs are being implemented and will continue until the needs have been met.

As always, the District continues to thank the business community and individuals who generously donate to our students and staff. Many programs, projects and scholarships are funded with their generosity.

Bandon School District staff and administration will continue to practice sound fiscal management to meet the challenges facing our school district. Bandon School District staff appreciates the budget committee and its role in the process of determining educational opportunities for its students.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Bandon School District's finances and demonstrate the Bandon School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Bandon School District's Fiscal Director, 455 Ninth Street SW, Bandon, OR 97411.

# **BASIC FINANCIAL STATEMENTS**



**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,086,668
Receivables:	
Intergovernmental	453,159
Property taxes	393,779
Accounts	7,555
Inventories	3,250
Prepaid expenses	96,557
Capital assets:	
Land	122,221
Depreciable assets, net of depreciation	<u>6,728,601</u>
Total assets	<u>11,891,790</u>
<b>DEFERRED OUTFLOWS</b>	
Deferred amounts related to pensions	<u>3,393,260</u>
<b>LIABILITIES</b>	
Accounts payable	332,190
Accrued payroll and benefits	486,494
Unearned grant proceeds	190,324
Accrued interest payable	1,536
Accrued compensated absences	21,687
Pension obligation	7,248,925
Long-term debt:	
Capital leases, payable within one year	44,409
Bonded debt, payable within one year	245,000
Capital leases, payable after one year	79,125
Bonded debt, payable after one year	<u>550,000</u>
Total liabilities	<u>9,199,690</u>
<b>DEFERRED INFLOWS</b>	
Deferred amounts related to pensions	<u>1,216,657</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,932,288
Restricted by grantor or donor for specific purpose	538,994
Unrestricted	<u>(1,602,579)</u>
Total net position	<u>\$ 4,868,703</u>

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in in Net Position
		Charges for Services & Contracts	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 6,155,954	\$ 424,870	\$ 1,245,386	\$ -	\$ (4,485,698)
Supporting services	3,995,095	29,425	65,000		(3,900,670)
Community services	363,749	4,453	274,521	-	(84,775)
Facilities and acquisition	-	-	-	1,083,263	1,083,263
Unallocated interest*	51,013	-	-	-	(51,013)
Unallocated depreciation*	260,398	-	-	-	(260,398)
<b>Total governmental activities</b>	<b>\$ 10,826,209</b>	<b>\$ 458,748</b>	<b>\$ 1,584,907</b>	<b>\$ 1,083,263</b>	<b>(7,699,291)</b>
<b>General revenues:</b>					
Taxes:					
					3,809,317
					123,084
					3,409,826
					114,219
<b>Total general revenues</b>					<b>7,456,446</b>
<b>Change in net position</b>					<b>(242,845)</b>
					5,111,548
					<b>\$ 4,868,703</b>

\* Depreciation and interest expense are not allocated among the functions of the District

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,914,684	\$ 417,340	\$ 577,583	\$ 177,061	\$ 4,086,668
Receivables:					
Accounts	7,555	-	-	-	7,555
Intergovernmental	35,686	46,785	-	370,688	453,159
Taxes - current	45,540	-	1,387	-	46,927
Taxes - future	336,446	-	10,406	-	346,852
Prepaid expenses	95,557	1,000	-	-	96,557
Inventory	-	3,250	-	-	3,250
<b>Total assets</b>	<b><u>\$ 3,435,468</u></b>	<b><u>\$ 468,375</u></b>	<b><u>\$ 589,376</u></b>	<b><u>\$ 547,749</u></b>	<b><u>\$ 5,040,968</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 36,970	\$ 2,887	\$ -	\$ 292,333	\$ 332,190
Payroll liabilities payable	486,494	-	-	-	486,494
Unearned grant revenue	189,324	1,000	-	-	190,324
<b>Total liabilities</b>	<b><u>712,788</u></b>	<b><u>3,887</u></b>	<b><u>-</u></b>	<b><u>292,333</u></b>	<b><u>1,009,008</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	336,446	-	10,406	-	346,852
<b>FUND BALANCES</b>					
Nonspendable	-	3,250	-	-	3,250
Restricted	79,266	459,728	578,970	-	1,117,964
Committed	-	1,510	-	255,416	256,926
Unassigned	2,306,968	-	-	-	2,306,968
<b>Total fund balances</b>	<b><u>2,386,234</u></b>	<b><u>464,488</u></b>	<b><u>578,970</u></b>	<b><u>255,416</u></b>	<b><u>3,685,108</u></b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b><u>\$ 3,435,468</u></b>	<b><u>\$ 468,375</u></b>	<b><u>\$ 589,376</u></b>	<b><u>\$ 547,749</u></b>	<b><u>\$ 5,040,968</u></b>

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2019

**Total fund balances - governmental funds** \$ 3,685,108

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

Capital assets used in government activities are not current financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 122,221	
Buildings	10,460,381	
Equipment	674,495	
Vehicles	<u>1,187,117</u>	
	12,444,214	
Less accumulated depreciation on capital assets	<u>(5,593,392)</u>	6,850,822

The Statement of Net Position reports certain assets at their net realizable value. However, assets not available to pay for current period expenditures are deferred in governmental funds.

Property taxes	346,852	
Deferred outflow related to pension benefits	<u>3,393,260</u>	
		3,740,112

Some liabilities and deferred amounts are not due and payable in the current period and, therefore, are not reported in the funds. These items consist of:

Deferred inflows related to pension benefits	(1,216,657)	
Net pension obligation	(7,248,925)	
Capital leases payable	(123,534)	
Accrued interest payable	(1,536)	
General obligation bonds payable	(795,000)	
Accrued compensated absences	<u>(21,687)</u>	
		<u>(9,407,339)</u>

**Total net position - governmental activities** \$ 4,868,703

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues:</b>					
Property taxes	\$ 3,825,881	\$ -	\$ 122,907	\$ -	\$ 3,948,788
Curricular	30,583	208,624	-	-	239,207
Charges for services	128,570	52,364	-	-	180,934
Contributions and donations	1,000	211,843	-	-	212,843
Earnings on investments	96,276	-	17,943	-	114,219
Other	30,231	20,802	-	-	51,033
County and intermediate sources	9,995	-	-	-	9,995
State school fund	3,399,831	74,022	-	-	3,473,853
Other state funding	259,160	183,200	-	1,083,263	1,525,623
Federal grants	29,381	782,030	44,271	-	855,682
<b>Total revenues</b>	<b>7,810,908</b>	<b>1,532,885</b>	<b>185,121</b>	<b>1,083,263</b>	<b>10,612,177</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Instruction	4,737,367	1,087,573	-	-	5,824,940
Supporting services	2,688,007	-	-	1,158,417	3,846,424
Community services	-	349,166	-	-	349,166
Debt service	6,811	60,210	267,273	-	334,294
Facilities acquisition/construction	118,518	51,307	-	57,861	227,686
<b>Total expenditures</b>	<b>7,550,703</b>	<b>1,548,256</b>	<b>267,273</b>	<b>1,216,278</b>	<b>10,582,510</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>260,205</b>	<b>(15,371)</b>	<b>(82,152)</b>	<b>(133,015)</b>	<b>29,667</b>
<b>Other financing sources (uses):</b>					
Transfer in	-	12,981	-	-	12,981
Transfer out	(12,981)	-	-	-	(12,981)
Issuance of debt	38,754	-	-	-	38,754
<b>Total other financing sources (uses)</b>	<b>25,773</b>	<b>12,981</b>	<b>-</b>	<b>-</b>	<b>38,754</b>
<b>Net change in fund balances</b>	<b>285,978</b>	<b>(2,390)</b>	<b>(82,152)</b>	<b>(133,015)</b>	<b>68,421</b>
<b>Fund balances at beginning of year</b>	<b>2,100,256</b>	<b>466,878</b>	<b>661,122</b>	<b>388,431</b>	<b>3,616,687</b>
<b>Fund balances at end of year</b>	<b>\$ 2,386,234</b>	<b>\$ 464,488</b>	<b>\$ 578,970</b>	<b>\$ 255,416</b>	<b>\$ 3,685,108</b>

The notes to the basic financial statements are an integral part of this statement.

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

**Total net change in fund balances - governmental funds** \$ 68,421

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

Governmental funds defer revenues that do not provide current financial resources.

However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.

Property taxes	(16,387)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Capital assets	\$ 161,655	
Depreciation	(194,367)	
		(32,712)

The issuance of long-term debt provides current financial resources to the governmental funds while the repayment of long-term debt consumes current financial resources. However, neither has any effect on the Statement of Activities.

Issuance of debt	(38,754)	
Long-term debt principal payments	282,850	
		244,096

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in pension asset and deferred inflows/outflows	(502,841)	
Change in retirement benefits payable	3,350	
Change in accrued interest payable	431	
Change in compensated absences	(7,203)	
		(506,263)

<b>Change in net position of governmental activities</b>		<b>\$ (242,845)</b>
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The notes to the basic financial statements are an integral part of this statement.

COOS COUNTY SCHOOL DISTRICT NO. 54

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Coos County School District No. 54 (District), located in Coos County, Oregon, was organized under Oregon Statutes pursuant to Oregon Revised Statutes (ORS) Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by an elected seven member Board of Directors. The Superintendent is the District Clerk and is responsible to the Board of Directors.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of criteria established by the Governmental Accounting Standards Board (GASB), there are no potential component units of the District.

B. Basis of Presentation, Measurement Focus and Basis of Accounting

The financial statements of the Coos County School District No. 54 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. *Basis of Presentation*

***District-wide Financial Statements.*** The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. All of the District's activities are categorized as governmental activities.

Governmental activities – The District's programs are reported in this category, including the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. Property taxes and state and federal grants are the primary sources that finance these activities.

The District-wide statements are prepared using the economic resources measurement focus and reported on the accrual basis. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds. Transactions between funds, such as transfers and loans, are eliminated in the District-wide statements to prevent doubling up of amounts.

The District-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses such as interest and depreciation are not allocated across functions as they are not specifically associated with a particular service, program or department.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

***Fund Financial Statements.*** Fund financial statements report detailed information about the District. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The financial statements for the governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

*Governmental funds* are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and interest revenue are susceptible to accrual if received within 30 days of fiscal year end. Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirement; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District applies restricted resources first.

## 2. *Fund Accounting*

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the District.

For financial reporting purposes, the District has determined that all of its funds will be reported as major funds.



The District's major governmental funds include the following funds:

The *General Fund* is the District's primary operating fund. It accounts for and reports on all financial resources of the District, except those required to be accounted for in another fund. Property taxes and state funding are the primary sources of revenue.

The *Special Revenue Fund* accounts for and reports on revenue sources that are legally restricted to expenditure for specific purposes (not including debt service or major capital projects). For the District, these include state and federal grants, student body activities, food service, and transportation.

The *Debt Service Fund* accounts for and reports on the servicing of general long-term debt related to Qualified School Construction Bonds. For the District, this includes the 2011 General Obligation Bonds. Property taxes and interest are the primary sources of revenue.

The *Capital Projects Fund* accounts for and reports on the acquisition of capital assets or construction of major capital projects. For the District, this includes repair and upgrade of current facilities, transfers from other funds, donations, grants and earnings on investments.

## **C. Assets, Liabilities and Net Position**

### *1. Cash and Cash Equivalents*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and investments in the Oregon State Treasury Local Government Investment Pool (LGIP). The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

The District maintains merged bank accounts and investments for its funds in a central pool of cash and cash equivalents. The investment policy of the District is to invest in LGIP and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. In accordance with District policy, the District allocates earnings on investments to the General Fund and the Debt Service Fund. Investment earnings related to the Capital Project Fund are allocated to the Debt Service Fund.

### *2. Receivables and Payables*

On the fund financial statements, transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable government funds to indicate they are not available for appropriation and are not expendable available financial resources.

These amounts are eliminated in the District-wide financial statements. Other receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in section B above.

### 3. *Inventories*

With the exception of food service inventories, physical inventories are taken for control purposes only with no dollar value assigned. The cost value of such inventories has been recorded as expenditures when purchased. Accordingly, with the exception of food service inventories, a value is not included on the balance sheet. Food service inventory in the amount of \$3,250 reflected in the Special Revenue Fund represents the fair market value of federal commodities, received through the U.S.D.A. Food Distribution Program, on hand at June 30, 2019. The cost of this inventory is recorded as an expenditure when consumed rather than when purchased. Food Service inventories are offset by a fund balance reserve, which indicates they do not constitute available expendable resources even though they are a component of net assets.

### 4. *Capital Assets*

Capital assets of the District are recorded in the District-wide financial statements, but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District has defined capital assets as having an initial value or cost of at least \$5,000 and an initial life in excess of a single reporting period.

The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

Machinery and equipment	5 years
Vehicles	10 – 15 years
Buildings	50 – 100 years

### 5. *Accrued Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. A liability for the unused vacation amount is reported in governmental funds only if matured, for example, as the result of employee resignations and retirements. The remaining balance of vested governmental fund type employees' vacation is reflected as a liability in the District-wide statements. The General Fund is typically used to liquidate the liability for compensated absences. The entire compensated absence liability is reported on the District-wide financial statements.

### 6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This section represents a contribution to net position that applies to a future period(s) and so will not be recognized as an inflow of resources (resource/revenue) until then. The District has only one type of deferred outflows of resources, which is related to pension assets. This is reported only on the government-wide financial statements.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows, one of which arises only under the modified accrual basis of accounting. This item, unavailable revenue from future property taxes, is reported on the governmental funds balance sheet. The District has a second type of deferred inflows, related to pension assets, that is reported only on the government-wide financial statements.

#### 7. *Accrued Liabilities and Long-term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. Payable and accrued liabilities expected to be paid with expendable available financial resources are reported in the fund financials.

#### 8. *Pensions*

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

#### 9. *Other Postemployment Benefit Costs*

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, is effective for the District for the fiscal year ending June 30, 2018. This Statement was issued to improve the relevance and usefulness of financial reporting by requiring governments that participate in a cost-sharing OPEB plan administered through a trust that meets specified criteria to report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost sharing plan. This standard replaces earlier reporting required under GASB Statement No. 45.

The District has chosen to not adopt Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is required by accounting principles generally accepted in the United States of America. Because the District did not determine the amount of their liability under GASB Statement No. 75, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

#### 10. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 11. *Fund Equity*

Pursuant to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* the District classifies fund balance on a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

As a result, in the fund financial statements, fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the local, state or federal laws, or externally imposed conditions by grantors or creditors or enabling legislation.

**Committed**—Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

**Assigned**—Amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent must be expressed by the School Board or their authorized designee.

**Unassigned**—All amounts not included in other classifications.

The amounts in the various categories of fund balance are included in the governmental funds balance sheet. As discussed in Note 1 B, restricted funds are used first as appropriate. Decreases to the remaining fund balance categories first reduce committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## 12. *Net Position*

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Government-wide net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets, less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net position is reported in this category.

## 13. *Newly Implemented Accounting Standards*

GASB Statement No. 83 – “*Certain Asset Retirement Obligations*”. This statement provides guidance to help local and state governments decide on the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to Asset Retirement Obligations (AROs) other than municipal solid waste plants and pollution remedies, which have already been covered in prior statements. This statement covers other legally enforceable liabilities such as retirements of nuclear plants, sewage treatment plants, x-ray machines, MRIs, etc. The statement is effective for reporting periods beginning after June 15, 2018. Management does not believe this statement will have a significant financial effect on the District.

14. *New Accounting Pronouncements Upcoming*

The District will implement new GASB pronouncements in the fiscal year no later than the required effective date. Management has not yet determined the effect on the financial statements from implementing any of the following pronouncements:

GASB Statement No. 87, "Leases." This statement establishes a single approach for reporting leases in which the Lessee records an asset representing the right to use an asset for a period of time as well as a liability for lease payments. The lease asset is amortized over the shorter of the lease term or the useful life of the asset. This statement is effective for reporting periods beginning after December 15, 2019.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end. Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The District begins its budgeting process by appointing budget committee members in early fall of each year. Recommendations are developed through early spring and the Budget Committee usually approves the budget in late spring. Public notices of the budget hearing are generally published in early June, and the public hearing is held in late June. The budget is usually adopted, appropriations usually are made and the tax rate and levy are declared no later than June 30. The resolution authorizing appropriations for each fund, by function, sets the legal limit for expenditures.

The following functions, by fund, are the legal levels of budgetary control:

- Instruction
- Supporting services
- Community services
- Facilities acquisition and construction
- Interagency/Fund transactions
- Debt service
- Contingency

Management may reassign resources within functions without seeking the approval of the District's Board of Directors.

Original amounts may be increased through resolutions by transferring amounts between appropriation categories in the same fund or by transferring from an appropriation category in the General Fund to another fund. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Budget amounts are as originally adopted, or as amended by the District's Board of Directors.

**B. Excess of Appropriations**

Expenditures exceeded budget in the following amounts:

Debt Service Fund	
Debt Service	<u>\$          (75)</u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

**Deposits.** The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits.

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

For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to participate in the Public Funds Collateralization Program. The Public Funds Collateralization Program is a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office. The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) 295.

At June 30, 2018, the carrying amounts of the District's deposits in various financial institutions were \$706,462 and the bank balance was \$852,814. All deposits are held in the name of the District. Of the bank balance, \$250,000 was insured by the Federal Depository Insurance Corporation and the remainder was covered under the Public Funds Collateralization Program. None of the District's deposits were exposed to custodial credit risk.

ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank, securities having a value of 10 percent, 25 percent, or 110 percent of public funds on deposit, depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100 percent guaranteed.

**Investments.** The District invests funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool. The Oregon Short-Term Fund was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form, as defined by GASB Statement No. 40. Withdrawals in excess of \$25 million require 48 hours' notice.

In addition, the 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 LGIP are made under the provisions of ORS 294. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximates fair value.

*Credit Risk.* Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments.

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, bankers' 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 represent five 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.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. 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.

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

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	<u>\$ 3,380,206</u>

A reconciliation of cash and cash equivalents as shown on the Statement of Net Position follows:

Carrying amount of deposits	\$ 706,462
Carrying amount of LGIP	<u>3,380,206</u>
Total cash and cash equivalents	<u>\$ 4,086,668</u>

Cash and cash equivalents by fund per Balance Sheet:

Fund:	
General	\$ 2,914,684
Special Revenue	417,340
Debt Service	577,583
Capital Projects	<u>177,061</u>
	<u>\$ 4,086,668</u>

## B. Receivables

All non-current property taxes receivable are treated as unearned revenue in the fund financial statements. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectibles has been established.

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the District is made at periodic intervals. For fiscal year 2018-19, the District imposed taxes in the amount of \$3.9702 per \$1,000 of assessed value for general operations and \$124,277 for bonded debt. After reduction for estimated shared offsets, truncation, and loss due to constitutional limits, this resulted in a net levy of \$3,996,006.

## C. Unearned Revenue/Deferred Inflows/Deferred Outflows

The Governmental funds Balance Sheet reports deferred inflows of revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned grant revenues are also occasionally reported. These represent grant funds that were received but will not be spent until a future period.

At June 30, 2019, the General Fund and the Debt Service Fund reported deferred inflows of resources for property taxes totaling \$346,852, which are not yet available to liquidate liabilities.

The Statement of Net Position reports deferred outflows of resources totaling \$3,393,260 in connection with differences between employer contributions and the District's proportionate share of contributions related to pension assets.

The Statement of Net Position also reports a total of \$1,216,657 in deferred inflows of resources for the net difference between projected and actual earnings on investments related to pension assets.

## D. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Nonspendable:					
Inventory	\$ -	\$ 3,250	\$ -	\$ -	\$ 3,250
Restricted:					
Debt service	-	-	578,970	-	578,970
Donations for specific purposes	79,266	166,652	-	-	245,918
Food service	-	94,463	-	-	94,463
Student body activities	-	198,613	-	-	198,613
Committed:					
Capital projects	-	-	-	255,416	255,416
Bus replacement	-	1,510	-	-	1,510
Unassigned:	2,306,968	-	-	-	2,306,968
Total fund balance	<u>\$ 2,386,234</u>	<u>\$ 464,488</u>	<u>\$ 578,970</u>	<u>\$ 255,416</u>	<u>\$ 3,685,108</u>



**E. Capital Assets**

Capital asset activity for the District for the year ended June 30, 2019 was as follows:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
<i>Nondepreciable capital assets</i>				
Land	\$ 122,221	\$ -	\$ -	\$ 122,221
<i>Depreciable capital assets</i>				
Buildings & improvements	10,432,775	27,606	-	10,460,381
Furniture & equipment	548,750	172,945	(47,200)	674,495
Vehicles	1,178,813	27,135	(18,831)	1,187,117
Total depreciable capital assets	12,160,338	227,686	(66,031)	12,321,993
<i>Less accumulated depreciation for:</i>				
Buildings & improvements	(4,296,025)	(154,396)	-	(4,450,421)
Furniture & equipment	(306,681)	(36,421)	18,831	(324,271)
Vehicles	(796,319)	(69,581)	47,200	(818,700)
Total accumulated depreciation	(5,399,025)	(260,398)	66,031	(5,593,392)
Net depreciable capital assets	6,761,313	(32,712)	-	6,728,601
Total	\$ 6,883,534	\$ (32,712)	\$ -	\$ 6,850,822

Depreciation expense is not allocated among the functions of the District.

**F. Leases**

*Capital Lease.* The District leases several vehicles and equipment under lease-purchase agreements. The lease payments for the year ending June 30, 2019 were \$62,850. The cost of the leased items totaled \$347,754, with accumulated depreciation of \$105,549 and a net book value of \$242,205 as of the year ended June 30, 2019. The payments for the leases are made by the Special Revenue Fund. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30th	Principal	Interest	Total
2020	\$ 44,409	\$ 2,552	\$ 46,961
2021	45,417	1,545	46,962
2022	24,869	505	25,374
2023	7,751	-	7,751
2024	1,088	-	1,088
Total	\$ 123,534	\$ 4,602	\$ 128,136

## G. Long-Term Debt

In June 2011, the District issued Qualified School Construction Bonds (QSCB). The bonds were issued in the amount of \$1,500,000. Proceeds were used to finance major improvements to various facilities. The bonds bear interest at 4.15 percent; however as part of the Hiring Incentives to Restore Employment Act, the District has elected interest subsidy payments or "Direct Payment" from the Federal government. Therefore, the District made principal-only payments on the bonds and the Federal government issued tax credits to the buyer.

During fiscal year 2012-13, the Federal government enacted a budget sequestration which resulted in cuts to the above-mentioned interest subsidy. The interest subsidy for 2018-19 was reduced to \$44,271 and the District was required to pay \$3,002 in interest.

Principal payments are due in June of each year. Payments are made from the Debt Service Fund.

Year Ending June 30th	Principal	Interest Subsidy	Total
2020	\$ 245,000	\$ 36,968	\$ 281,968
2021	550,000	25,575	575,575
Total	<u>\$ 795,000</u>	<u>\$ 62,543</u>	<u>\$ 857,543</u>

During the fiscal year ended June 30, 2018, the following changes occurred in long-term debt:

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019	Amount due within one year
General obligation bonds	\$ 1,015,000	\$ -	\$ (220,000)	795,000	\$ 245,000
<i>Direct borrowings:</i>					
Leases	147,630	38,754	(62,850)	123,534	44,409
Total	<u>\$ 1,162,630</u>	<u>\$ 38,754</u>	<u>\$ (282,850)</u>	<u>\$ 918,534</u>	<u>\$ 289,409</u>

During the fiscal year ended June 30, 2019, the following changes occurred in other long-term liabilities:

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019	Amount due within one year
Retirement benefits	\$ 3,350	\$ -	\$ (3,350)	\$ -	\$ -
Compensated absences	14,484	27,243	(20,040)	\$ 21,687	21,687
Total	<u>\$ 17,834</u>	<u>\$ 27,243</u>	<u>\$ (23,390)</u>	<u>\$ 21,687</u>	<u>\$ 21,687</u>

## H. Transfers

The composition of interfund transfers during the fiscal year ended June 30, 2019 are as follows:

Interfund Transfers:	<u>Amount</u>
Transfer out General Fund	<u>\$ 12,981</u>
Transfer in Special Revenue Fund	<u>\$ 12,981</u>

The transfer to the Special Revenue Fund from the General Fund was a routine transfer to support the activities of a youth program.

## IV. OTHER INFORMATION

### A. Risk Management

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

### B. Commitments and Contingent Liabilities

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

At June 30, 2019, the District was involved in an improvement project in the Capital Projects Fund. The project is funded through a grant from the State of Oregon. The contract and remaining amount is shown below:

<u>Fund</u>	<u>Description</u>	<u>Original Contract Amount</u>	<u>Outstanding Contract Amount</u>	<u>Percentage of Completion</u>
Capital Projects:				
	High School gym and cafeteria retrofit	<u>\$ 1,132,050</u>	<u>\$ 866,177</u>	23%

### C. Employee Retirement System and Plans

#### Public Employees Retirement System

The District contributes to the State of Oregon Public Employees Retirement System (PERS), which is governed by ORS Chapter 238. PERS is a single cost-sharing multiple-employer defined benefit pension plan that provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Oregon Revised Statutes 238 and 238A assign the authority to establish and amend benefit provisions to the state legislature.

## **Plan Benefits -**

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

Pension Benefits - The PERS retirement allowance is payable monthly for life and may be selected from 13 retirement benefit options. These options include annuities, survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing prior to August 21, 1981) or a money match computation if it results in greater benefits.

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 55 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Death Benefits - Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest) and employer funds equal to the account balance, provided certain conditions are met.

Disability Benefits - This is available for qualifying employees for both duty and non-duty connected causes.

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Also, monthly benefits are adjusted annually through cost-of-living changes.

### *Oregon Public Service Retirement Plan Pension Program (OPSRP) ORS Chapter 238A:*

Pension Benefits - The Pension Program provides benefits to members hired on or after August 29, 2003. OPSRP provides a life pension funded by employer contributions. Benefits are based upon the number of years of service and the final average salary. For general service employees, 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.

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

Death Benefits - Upon the death of a non-retired member, the beneficiary receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits - This is available for qualifying employees for both duty and non-duty connected causes.

Benefit Changes After Retirement - Monthly benefits are adjusted annually through cost-of-living changes.

*OPSRP Individual Account Program (OPSRP IAP):*

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

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

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

Recordkeeping – PERS contracts with VOYA Financial to maintain IAP participant records.

***Pension Plan CAFR -***

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at: <https://www.oregon.gov/pers>

***Funding Policy -***

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The District paid 27.20% for Tier I and Tier II employees and 21.87% for OPSRP members for the fiscal year.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer cash payments for the year ended June 30, 2019 were \$1,090,463. This consisted of \$870,117 from the District and \$220,346 paid by the District on behalf of employees. These added to the District's fiduciary net position.

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

At June 30, 2019, the District reported a liability of \$7,248,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

At June 30, 2018, the District's proportion was 0.04785185 percent, which was an increase of .00283679 from its proportion measured as of June 30, 2017. For the year ended June 30, 2019, the District's actuarially determined pension expense was \$1,189,132.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 246,587	\$ -	
Changes in assumptions	1,685,361	-	
Net difference between projected and actual earnings on investment	-	(321,893)	
Changes in proportion share	234,443	(865,981)	
Differences between employer contributions and employer's proportionate share of system contributions	<u>304,795</u>	<u>(28,783)</u>	
Subtotal amortized deferrals	2,471,186	(1,216,657)	\$ 1,254,529
Contributions subsequent to the MD	<u>922,074</u>	-	<u>922,074</u>
Total deferred outflows (inflows) of resources	<u>\$ 3,393,260</u>	<u>\$ (1,216,657)</u>	<u>\$ 2,176,603</u>

The \$922,074 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability 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 as follows:

Employer subsequent Fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 699,451
2nd Fiscal Year	470,278
3rd Fiscal Year	(120,451)
4th Fiscal Year	146,152
5th Fiscal Year	59,099
Thereafter	-
Total	<u>\$ 1,254,529</u>

### **Actuarial Assumptions -**

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2016
Measurement date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25% / .15%) in accordance with <i>Moro</i> decision; blended based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b></p> <p>RP-2014 Healthy annuitant, sex-distinct, generational with unisex, Social Security Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b></p> <p>RP-2014 Employees, sex-distinct, generational with unisex, Social Security Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b></p> <p>RP-2014 Disabled retirees, sex-distinct, generational with unisex, Social Security Scale.</p>

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

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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 that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption.

*Assumed Asset Allocation:*

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

*Long-Term Expected Rate of Return:*

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High-Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small-Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Foreign Equities	4.13	745.00
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and 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.



<b>Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL/(A)]</b>	6/30/2018
Actuarial Valuation Date (liability rolled forward to MD)	12/31/2016
Discount rate	7.20%
Employer's proportionate share at prior MD	0.04501506%
Employer's proportionate share at MD	0.04785185%
Employer's proportionate share of system NPL/(A) at prior MD	\$ 6,068,047
Employer's proportionate share of system NPL/(A) at MD	\$ 7,248,925
Sensitivity: NPL/(A) using discount rate 1.00% lower	\$ 12,114,323
Sensitivity: NPL/(A) using discount rate 1.00% higher	\$ 3,232,937

**Employer Pension Expense for Measurement Period**

Employer's proportionate share of system Pension Expense/(Income)	\$ 1,407,819
Net amortization of deferred amounts from:	
Changes in proportionate share	(277,954)
Differences between employer contributions and employer's proportionate share of system contributions	59,267
	<u>59,267</u>
Employer's Total Pension Expense/(Income)	<u>\$ 1,189,132</u>

***Changes Subsequent to the Measurement Date -***

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

Management is not aware of any changes subsequent to the June 30, 2018 measurement date that meet this requirement and thus would require a brief description under the GASB standard.

The assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated November 30, 2018.

**D. Other Postemployment Benefits**

The District does not have a formal other postemployment benefits (OPEB) plan for any employee group, however the District is required by Oregon Revised Statutes 243.303 to provide retirees with the opportunity to purchase group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of the retiree healthcare premiums represents an implicit employer contribution.

GASB Statement No. 75, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other Than Pensions* was effective for periods ending June 30, 2018. This standard requires the District to report on its financial statements an actuarially determined liability for the present value of the projected benefits for implicit employer contributions for retired and active employees on the financial statements along with related deferred inflows and deferred outflows.

GASB Statement No. 75 is applicable to the District due only to this implicit rate subsidy. The District chose to not implement this standard. The District did not determine the amount of their liability under GASB Statement No. 75, therefore the effect on the Statement of Net Position and the Statement of Activities cannot be determined. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**COOS COUNTY SCHOOL DISTRICT NO. 54  
FOR THE LAST SIX YEARS\*  
June 30, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset) <sup>1</sup>	(c) District's covered payroll <sup>2</sup>	(b/c) District's proportionate share of the net pension liability/asset as a percentage of its covered payroll	Plan fiduciary net position as a percentage of total pension liability
2014	0.075373%	\$ 3,846,396	\$ 2,095,653	-183.54%	91.9%
2015	0.075373%	\$ (1,708,492)	\$ 3,423,536	49.90%	103.6%
2016	0.066957%	\$ 3,844,309	\$ 3,216,805	-119.51%	91.8%
2017	0.053132%	\$ 7,976,372	\$ 3,211,433	-248.37%	81.0%
2018	0.045015%	\$ 6,068,047	\$ 3,534,260	-171.69%	83.1%
2019	0.047852%	\$ 7,248,925	\$ 3,653,025	-198.44%	82.1%

**SCHEDULE OF CONTRIBUTIONS OF NET PENSION LIABILITY**

Year Ended June 30,	(a) Contractually required contribution	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2014	\$ 940,954	\$ (940,954)	\$ -	\$ 3,423,536	27.48%
2015 <sup>3</sup>	\$ 891,823	\$ (891,823)	\$ -	\$ 3,216,805	27.72%
2016 <sup>4</sup>	\$ 840,660	\$ (840,660)	\$ -	\$ 3,211,433	26.18%
2017 <sup>5</sup>	\$ 894,532	\$ (894,532)	\$ -	\$ 3,534,260	25.31%
2018	\$ 1,080,943	\$ (1,080,943)	\$ -	\$ 3,653,025	29.59%
2019	\$ 1,090,463	\$ (1,090,463)	\$ -	\$ 3,697,774	29.49%

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

<sup>1</sup> The amounts presented for each fiscal year were actuarial determined at December 31, and rolled forward to the measurement date.

<sup>2</sup> The amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year

<sup>3</sup> The June 30, 2015 NPL reflects benefit changes from Senate Bills 822 and 861.

<sup>4</sup> The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling on *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.

<sup>5</sup> The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75% to 2.5%, the long-term expected rate of return from 7.75% to 7.5%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.5%.

## MAJOR FUNDS

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*General Fund* - The general fund is the District's primary operating fund. It accounts for and reports on all financial resources of the District, except those required to be accounted for in another fund. Property taxes and state funding are the primary sources of revenue.

*Special Revenue Fund* - The special revenue fund accounts for and reports on revenue sources that are legally restricted to expenditure for specific purposes (not including debt service or major capital projects). For the District, these include state and federal grants, student body activities, food service, and transportation.

*Debt Service Fund* - The debt service fund accounts for and reports on the servicing of general long-term debt not being financed by the General Fund. For the District, this includes the 2011 General Obligation Bonds issued as Qualified School Construction Bonds in order to perform major renovations to various facilities. Property taxes and interest are the primary sources of revenue.

*Capital Projects Fund* - The capital projects fund accounts for and reports on the acquisition of capital assets or construction of major capital projects. For the District, this includes repair and upgrade of current facilities financed by the sale of Qualified School Construction bonds, donations, and earnings on investments.

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**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 3,749,997	\$ 3,862,161	\$ 4,112,541	\$ 250,380
Intermediate sources	12,200	12,200	9,995	(2,205)
State sources	3,485,640	3,568,235	3,658,991	90,756
Federal sources	6,800	6,800	29,381	22,581
<b>Total revenues</b>	<b>7,254,637</b>	<b>7,449,396</b>	<b>7,810,908</b>	<b>361,512</b>
Expenditures:				
Current:				
Instruction	5,117,758	5,233,880	4,752,941	480,939
Supporting services	3,253,879	3,332,516	2,790,951	541,565
Community services	2,250	2,250	-	2,250
Debt service	7,964	7,964	6,811	1,153
Contingency	529,528	529,528	-	529,528
<b>Total expenditures</b>	<b>8,911,379</b>	<b>9,106,138</b>	<b>7,550,703</b>	<b>1,555,435</b>
Excess (deficiency) of revenues over (under) expenditures	(1,656,742)	(1,656,742)	260,205	1,916,947
Other financing sources (uses):				
Transfers in	100	100	-	(100)
Transfer out	(13,381)	(13,381)	(12,981)	400
Issuance of debt	5,000	5,000	38,754	33,754
Sale of capital assets	3,000	3,000	-	(3,000)
<b>Total other financing sources (uses)</b>	<b>(5,281)</b>	<b>(5,281)</b>	<b>25,773</b>	<b>31,054</b>
<b>Net change in fund balance</b>	<b>(1,662,023)</b>	<b>(1,662,023)</b>	<b>285,978</b>	<b>1,948,001</b>
<b>Fund balance at beginning of year</b>	<b>1,662,023</b>	<b>1,662,023</b>	<b>2,100,256</b>	<b>438,233</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,386,234</b>	<b>\$ 2,386,234</b>

See auditor's report

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Final		
Revenues:				
Local sources	\$ 377,147	\$ 447,492	\$ 493,633	\$ 46,141
State sources	231,084	343,387	257,222	(86,165)
Federal sources	863,504	863,504	782,030	(81,474)
Total revenues	<u>1,471,735</u>	<u>1,654,383</u>	<u>1,532,885</u>	<u>(121,498)</u>
Expenditures:				
Current:				
Instruction	1,454,499	1,637,147	1,128,880	508,267
Supporting services	115,574	115,574	10,000	105,574
Community services	402,500	402,500	349,166	53,334
Debt service	60,210	60,210	60,210	-
Total expenditures	<u>2,032,783</u>	<u>2,215,431</u>	<u>1,548,256</u>	<u>667,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(561,048)</u>	<u>(561,048)</u>	<u>(15,371)</u>	<u>545,677</u>
Other financing sources (uses):				
Transfer in	13,181	13,181	12,981	(200)
Issuance of debt	100,000	100,000	-	(100,000)
Total other financing sources	<u>113,181</u>	<u>113,181</u>	<u>12,981</u>	<u>(100,200)</u>
Net change in fund balance	(447,867)	(447,867)	(2,390)	445,477
Fund balance at beginning of year	<u>447,867</u>	<u>447,867</u>	<u>466,878</u>	<u>19,011</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 464,488</u>	<u>\$ 464,488</u>

See auditor's report

**SUPPLEMENTARY INFORMATION**



**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	\$ 126,000	\$ 140,850	\$ 14,850
Federal sources	43,894	44,271	377
Total revenues	<u>169,894</u>	<u>185,121</u>	<u>15,227</u>
Expenditures:			
Debt service	267,198	267,273	(75)
Contingency	20,000	-	20,000
Total expenditures	<u>287,198</u>	<u>267,273</u>	<u>19,925</u>
Excess (deficiency) of revenues over (under) expenditures	(117,304)	(82,152)	35,152
Other financing sources (uses):			
Transfer in	100	-	(100)
Net change in fund balance	(117,204)	(82,152)	35,052
Fund balance at beginning of year	<u>660,044</u>	<u>661,122</u>	<u>1,078</u>
Fund balance at end of year	<u>\$ 542,840</u>	<u>\$ 578,970</u>	<u>\$ 36,130</u>

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	\$ 1,154,589	\$ 1,083,263	\$ (71,326)
Expenditures:			
Supporting services	1,425,272	1,216,278	208,994
Contingency	114,900	-	114,900
Total expenditures	<u>1,540,172</u>	<u>1,216,278</u>	<u>323,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(385,583)</u>	<u>(133,015)</u>	<u>252,568</u>
Other financing sources (uses):			
Transfer in	100	-	(100)
Transfer out	<u>(100)</u>	<u>-</u>	<u>100</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(385,583)	(133,015)	252,568
Fund balance at beginning of year	<u>385,583</u>	<u>388,431</u>	<u>2,848</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 255,416</u></u>	<u><u>\$ 255,416</u></u>

COOS COUNTY SCHOOL DISTRICT NO. 54  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Grant Title	CFDA #	2018-19 Federal Expenditures
<b>U.S. Department of Education</b>		
<b>Direct Federal Awards:</b>		
Indian Ed. - PL 103-382 ESEA	84.060	\$ 10,773
Vocational Rehabilitation Grants	84.126	<u>29,886</u>
<b>Total Direct Federal Awards</b>		<u>40,659</u>
<b>Passed through Oregon State Department of Education:</b>		
Special Education-Grants to States - IDEA Part B	84.027	** 147,949
Title I-A	84.010	** 277,432
Title II-A Improving Teacher Quality	84.367	42,677
Student Support and Academic Enrichment	84.424	21,198
Title V-B Rural & Low Income Schools	84.358	<u>11,504</u>
<b>Total passed through Oregon Department of Education</b>		<u>500,760</u>
<b>Total U.S. Department of Education</b>		<u>541,419</u>
<b>U.S. Department of Agriculture</b>		
<b>Passed through Oregon State Department of Education (ODE):</b>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	50,740
Commodity NSLP	10.555	26,633
Commodity SFSP	10.559	339
National School Lunch Program	10.555	174,721
Summer Food Service Program	10.559	<u>12,096</u>
<b>Total Child Nutrition Cluster</b>		<u>264,529</u>
Reallocation SAE	10.560	970
<b>Total U.S. Department of Agriculture, passed through ODE</b>		<u>265,499</u>
<b>Passed through Coos County:</b>		
Schools and Roads - Grants to States	10.665	<u>4,493</u>
<b>Total U.S. Department of Agriculture</b>		<u>269,992</u>
Federal Interest Subsidy (HIRE Act)		<u>44,271</u>
<b>Total Federal Financial Assistance</b>		<u>\$ 855,682</u>

\*\* Major Program

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

**Note 1. Purpose of the Schedule**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coos County School District No. 54 for the year ended June 30, 2019.

**Note 2. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coos County School District No. 54 and is presented on the modified accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3. Subrecipients**

During the year ended June 30, 2019, the District did not provide any financial awards to subrecipients.

**Note 4. De Minimis Cost Rate**

The District did not elect to use the 10% de minimis indirect cost rate during the 2018-19 fiscal year.

**Note 5. Interest Subsidy**

Interest subsidies related to the Qualified School Construction Bonds are funded through the Hiring Incentives to Restore Employment Act (HIRE) and are listed on the schedule of expenditures of federal awards.

**Note 5. Federal Financial Assistance**

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal governments for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**Note 6. Major Programs**

Uniform Guidance established criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

**OTHER INFORMATION**

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

**Findings:**

There were no prior year audit findings related to federal awards for the year ended June 30, 2018.

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**CORRECTIVE ACTION PLAN RELATED TO FINANCIAL STATEMENT FINDINGS**  
**For the Fiscal Year Ended June 30, 2019**

FINDINGS – FINANCIAL STATEMENT AUDIT

**2019-001 – Material weakness related to recording of end of year adjustments.**

Planned corrective action:

Management agrees with the finding. The new Business Manager is enrolled in the New Business Manager Institute with OASBO, effective July 1, 2019. The two-year program facilitates mentorship from a multitude of experienced school business officials including CFO/SFO/CPA/etc. This program provides detailed instruction regarding routine accounting as well as year-end accounting, particularly in regard to recording year-end payables and receivables. The Superintendent will be responsible for ensuring this training program is completed

**2019-002 – Material weakness in internal controls in over expenditures**

Planned corrective action:

Management agrees with the finding. Effective immediately, the district Payroll Clerk performs an internal audit of the accounts payable materials/process during the AP run on the 10<sup>th</sup> and 25<sup>th</sup> of each month. Within the timeframe of 07/01/2018 to 08/05/2019 there has been multiple turnover in the Deputy Clerk and Payroll Clerk positions. Due to turnover and new employees, the District reviewed previously adopted policies and procedures for preparing supporting documents for bill payments. The Business Manager is responsible for enforcing Board policies DK, DJ and DI. The Business Manager is responsible for the final document review of each AP run.

**2019-003 – Significant deficiency in segregation of accounting duties**

Planned corrective action:

Management agrees with the finding. Coos County School District No. 54 has updated and strictly adhered to improved accounting and internal control systems since 2007. Though the small size of the District's business office staff limits the ability to completely segregate duties, management is aware of this and actively maintains oversight of the District's daily functions.

Changes to the control systems include removing the Business Manager as a signer on the bank account, manual signing of checks by the Superintendent, and review of all reconciled bank statements, payroll reports and expenditures by the Superintendent.

The District will continue to review and improve internal controls, separating duties when possible among the Business Manager, Payroll Clerk, Administrative Secretary, and Superintendent, but recognizes that the value of incurring the additional expenses to increase staff in the District office does not justify the cost in the current economic climate of declining resources.

SUPPLEMENTAL INFORMATION, 2018-2019

School District Business Managers and Auditors:

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

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

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

	Objects 325 & 326 & 327	
Function 2540	\$	128,642
Function 2550	\$	3,350

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

\$	19,047
----	--------

Exclude these functions:

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

Exclude these functions:

4150 Construction  
 2550 Pupil Transportation  
 3100 Food Service  
 3300 Community Services



**AUDIT REVENUE SUMMARY  
BANDON SCHOOL DISTRICT 54**

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	\$3,825,881	\$0	\$122,907	\$0	\$0	\$0	\$0
1120 Local Option Ad Valorem Taxes Levied by District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1130 Construction Excise Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1190 Penalties and Interest on Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1200 Revenue from Local Governmental Units Other Than Districts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1311 Regular Day School Tuition - From Individuals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1312 Regular Day School Tuition - Other Dist Within State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1313 Regular Day School Tuition - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1320 Adult/Continuing Education Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1330 Summer School Tuition	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1411 Transportation Fees - From Individuals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1412 Transportation Fees - Other Dist Within State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1413 Transportation Fees - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1420 Summer School Transportation Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1500 Earnings on Investments	\$96,276	\$0	\$17,943	\$0	\$0	\$0	\$0
1600 Food Service	\$0	\$52,364	\$0	\$0	\$0	\$0	\$0
1700 Extracurricular Activities	\$30,583	\$208,625	\$0	\$0	\$0	\$0	\$0
1800 Community Services Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1910 Rentals	\$18,320	\$0	\$0	\$0	\$0	\$0	\$0
1920 Contributions and Donations From Private Sources	\$1,000	\$211,843	\$0	\$0	\$0	\$0	\$0
1930 Rental or Lease Payments From Private Contractors	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1940 Services Provided Other Local Education Agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1950 Textbook Sales and Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1960 Recovery of Prior Years' Expenditure	\$97,205	\$0	\$0	\$0	\$0	\$0	\$0
1970 Services Provided Other Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1980 Fees Charged to Grants	\$12,426	\$0	\$0	\$0	\$0	\$0	\$0
1990 Miscellaneous	\$30,850	\$20,802	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue from Local Sources</b>	<b>\$4,112,542</b>	<b>\$493,634</b>	<b>\$140,850</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	\$9,995	\$0	\$0	\$0	\$0	\$0	\$0
2102 General ESD Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2103 Excess ESD Local Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2105 Natural Gas, Oil, and Mineral Receipts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2110 Intermediate "I" Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2199 Other Intermediate Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2200 Restricted Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue from Intermediate Sources</b>	<b>\$9,995</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$3,399,831	\$0	\$0	\$0	\$0	\$0	\$0
3102 State School Fund - School Lunch Match	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0
3103 Common School Fund	\$62,712	\$0	\$0	\$0	\$0	\$0	\$0
3104 State Managed County Timber	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3106 State School Fund - Accrual	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3199 Other Unrestricted Grants-in-Aid	\$125,806	\$0	\$0	\$0	\$0	\$0	\$0
3204 Driver Education	\$4,626	\$0	\$0	\$0	\$0	\$0	\$0
3222 State School Fund (SSF) Transportation Equipment	\$0	\$65,000	\$0	\$0	\$0	\$0	\$0
3299 Other Restricted Grants-in-Aid	\$66,016	\$187,222	\$0	\$1,083,263	\$0	\$0	\$0
3800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue from State Sources</b>	<b>\$3,658,990</b>	<b>\$257,222</b>	<b>\$0</b>	<b>\$1,083,263</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4200 Unrestricted Revenue From the Federal Government Through the State	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4300 Restricted Revenue From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4500 Restricted Revenue From the Federal Government Through the State	\$24,888	\$755,058	\$0	\$0	\$0	\$0	\$0
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4801 Federal Forest Fees	\$4,493	\$0	\$0	\$0	\$0	\$0	\$0
4802 Impact Aid to School Districts for Operation (PL 874)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4803 Coos Bay Wagon Road Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4899 Other Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4900 Revenue for/on Behalf of the District	\$0	\$26,972	\$44,271	\$0	\$0	\$0	\$0
<b>Total Revenue from Federal Sources</b>	<b>\$29,380</b>	<b>\$782,030</b>	<b>\$44,271</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	\$38,754	\$0	\$0	\$0	\$0	\$0	\$0
5200 Interfund Transfers	\$0	\$12,981	\$0	\$0	\$0	\$0	\$0
5300 Sale of or Compensation for Loss of Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 Resources - Beginning Fund Balance	\$2,100,256	\$466,878	\$661,122	\$388,431	\$0	\$0	\$0
<b>Total Revenue from Other Sources</b>	<b>\$2,139,010</b>	<b>\$479,858</b>	<b>\$661,122</b>	<b>\$388,431</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$9,949,918</b>	<b>\$2,012,744</b>	<b>\$846,243</b>	<b>\$1,471,694</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**DISTRICT AUDIT EXPENDITURE SUMMARY  
BANDON SCHOOL DISTRICT 54**

**Fund: 100 General Fund**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111	Elementary, K-5 or K-6	\$1,460,652	844,613	562,742	7,265	\$43,368	\$0	\$2,664	\$0
1113	Elementary Extracurricular	\$1,207	\$480	\$227	\$0	\$500	\$0	\$0	\$0
1121	Middle/Junior High Programs	\$554,130	\$308,460	\$217,049	\$4,353	\$21,531	\$0	\$2,737	\$0
1122	Middle/Junior High School Extracurricular	\$43,930	\$28,567	\$8,762	\$3,080	\$1,025	\$0	\$2,496	\$0
1131	High School Programs	\$1,298,458	\$759,288	\$490,884	\$11,062	\$34,175	\$0	\$3,049	\$0
1132	High School Extracurricular	\$194,454	\$105,388	\$30,823	\$28,387	\$19,105	\$0	\$10,751	\$0
1140	Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210	Programs for the Talented and Gifted	\$7,259	\$3,964	\$1,777	\$0	\$1,518	\$0	\$0	\$0
1220	Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250	Less Restrictive Programs for Students with Disabilities	\$1,162,907	\$414,106	\$296,864	\$445,002	\$5,621	\$0	\$1,314	\$0
1260	Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271	Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272	Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280	Alternative Education	\$2,940	\$113	\$10	\$67	\$0	\$0	\$2,750	\$0
1291	English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292	Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293	Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294	Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299	Other Programs	\$27,006	\$6,784	\$1,001	\$21	\$9,571	\$8,180	\$1,449	\$0
1300	Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400	Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Instruction Expenditures</b>		<b>\$4,752,943</b>	<b>\$2,471,763</b>	<b>\$1,610,139</b>	<b>\$499,237</b>	<b>\$136,414</b>	<b>\$8,180</b>	<b>\$27,210</b>	<b>\$0</b>
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110	Attendance and Social Work Services	\$359	\$229	\$130	\$0	\$0	\$0	\$0	\$0
2120	Guidance Services	\$163,492	\$30,263	\$26,764	\$46,875	\$31,646	\$27,944	\$0	\$0
2130	Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140	Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150	Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160	Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190	Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210	Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220	Educational Media Services	\$99,443	\$50,061	\$39,579	\$0	\$6,444	\$0	\$3,359	\$0
2230	Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240	Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310	Board of Education Services	\$35,290	\$0	\$0	\$33,772	\$80	\$0	\$1,438	\$0
2320	Executive Administration Services	\$260,065	\$141,317	\$97,127	\$9,098	\$9,038	\$0	\$3,485	\$0
2410	Office of the Principal Services	\$591,707	\$334,429	\$211,678	\$3,653	\$1,928	\$38,754	\$1,265	\$0
2490	Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510	Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520	Fiscal Services	\$169,565	\$103,903	\$49,100	\$10,719	\$590	\$0	\$5,253	\$0
2540	Operation and Maintenance of Plant Services	\$824,300	\$242,188	\$196,586	\$320,452	\$47,254	\$17,552	\$268	\$0
2550	Student Transportation Services	\$487,020	\$216,340	\$139,682	\$129,075	\$1,984	\$0	-\$61	\$0
2570	Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610	Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Ser	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630	Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640	Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660	Technology Services	\$150,739	\$52,647	\$42,608	\$34,550	\$13,026	\$7,908	\$0	\$0
2670	Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2680	Interpretation and Translation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690	Other Support Services - Central	\$180	\$0	\$0	\$180	\$0	\$0	\$0	\$0
2700	Supplemental Retirement Program	\$8,794	\$0	\$8,794	\$0	\$0	\$0	\$0	\$0
<b>Total Support Services Expenditures</b>		<b>\$2,790,954</b>	<b>\$1,171,377</b>	<b>\$812,048</b>	<b>\$588,374</b>	<b>\$111,990</b>	<b>\$92,158</b>	<b>\$15,007</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100	Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200	Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300	Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500	Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Enterprise and Community Services Expenditures</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110	Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120	Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150	Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180	Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190	Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facilities Acquisition and Construction Expenditures</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100	Debt Service	\$6,810	\$0	\$0	\$0	\$0	\$0	\$6,810	\$0
5200	Transfers of Funds	\$12,981	\$0	\$0	\$0	\$0	\$0	\$0	\$12,981
5300	Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400	PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Uses Expenditures</b>		<b>\$19,791</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,810</b>	<b>\$12,981</b>
<b>Grand Total</b>		<b>\$7,563,688</b>	<b>\$3,643,140</b>	<b>\$2,422,187</b>	<b>\$1,087,611</b>	<b>\$248,404</b>	<b>\$100,338</b>	<b>\$49,027</b>	<b>\$12,981</b>

**DISTRICT AUDIT EXPENDITURE SUMMARY**  
**BANDON SCHOOL DISTRICT 54**

**Fund: 200 Special Revenue Funds**

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$5,529	\$4,952	\$577	\$0	\$0	\$0	\$0	\$0
1113	Elementary Extracurricular	\$78,286	\$0	\$0	\$1,200	\$22,086	\$55,000	\$0	\$0
1121	Middle/Junior High Programs	\$1,368	\$1,171	\$197	\$0	\$0	\$0	\$0	\$0
1122	Middle/Junior High School Extracurricular	\$141,369	\$14,968	\$5,044	\$2,790	\$118,067	\$0	\$500	\$0
1131	High School Programs	\$2,774	\$2,431	\$343	\$0	\$0	\$0	\$0	\$0
1132	High School Extracurricular	\$258,077	\$2,392	\$742	\$4,260	\$251,209	\$0	-\$526	\$0
1140	Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210	Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220	Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250	Less Restrictive Programs for Students with Disabilities	\$144,259	\$0	\$0	\$137,823	\$0	\$0	\$6,436	\$0
1260	Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271	Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272	Title I	\$277,432	\$172,885	\$99,338	\$154	\$5,055	\$0	\$0	\$0
1280	Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291	English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292	Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293	Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294	Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299	Other Programs	\$219,784	\$95,547	\$71,821	\$41,256	\$3,421	\$0	\$7,739	\$0
1300	Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400	Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Instruction Expenditures</b>		<b>\$1,128,878</b>	<b>\$294,346</b>	<b>\$178,062</b>	<b>\$187,483</b>	<b>\$399,838</b>	<b>\$55,000</b>	<b>\$14,149</b>	<b>\$0</b>
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120	Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130	Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140	Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150	Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160	Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190	Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210	Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220	Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230	Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240	Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310	Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320	Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410	Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490	Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510	Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520	Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540	Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550	Student Transportation Services	\$10,000	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0
2570	Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610	Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630	Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640	Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660	Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670	Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2680	Interpretation and Translation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690	Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700	Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Support Services Expenditures</b>		<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$319,333	\$121,255	\$65,161	\$875	\$132,042	\$0	\$0	\$0
3200	Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300	Community Services	\$29,833	\$0	\$0	\$29,167	\$0	\$0	\$666	\$0
3500	Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Enterprise and Community Services Expenditures</b>		<b>\$349,166</b>	<b>\$121,255</b>	<b>\$65,161</b>	<b>\$30,042</b>	<b>\$132,042</b>	<b>\$0</b>	<b>\$666</b>	<b>\$0</b>
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120	Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150	Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180	Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190	Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facilities Acquisition and Construction Expenditures</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$60,210	\$0	\$0	\$0	\$0	\$0	\$60,210	\$0
5200	Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300	Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400	PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Uses Expenditures</b>		<b>\$60,210</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,210</b>	<b>\$0</b>
<b>Grand Total</b>		<b>\$1,548,254</b>	<b>\$415,601</b>	<b>\$243,223</b>	<b>\$217,525</b>	<b>\$531,880</b>	<b>\$65,000</b>	<b>\$75,025</b>	<b>\$0</b>

**DISTRICT AUDIT EXPENDITURE SUMMARY**  
**BANDON SCHOOL DISTRICT 54**

**Fund: 300 Debt Service Funds**

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113	Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121	Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122	Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131	High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132	High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140	Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210	Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220	Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250	Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260	Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271	Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272	Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280	Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291	English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292	Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293	Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294	Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299	Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300	Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400	Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Instruction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120	Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130	Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140	Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150	Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160	Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190	Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210	Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220	Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230	Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240	Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310	Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320	Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410	Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490	Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510	Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520	Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540	Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550	Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570	Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610	Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630	Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640	Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660	Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670	Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2680	Interpretation and Translation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690	Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700	Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Support Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200	Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300	Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500	Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Enterprise and Community Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120	Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150	Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180	Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190	Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facilities Acquisition and Construction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$267,273	\$0	\$0	\$0	\$0	\$0	\$267,273	\$0
5200	Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300	Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400	PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Uses Expenditures</b>		\$267,273	\$0	\$0	\$0	\$0	\$0	\$267,273	\$0
<b>Grand Total</b>		\$267,273	\$0	\$0	\$0	\$0	\$0	\$267,273	\$0

**DISTRICT AUDIT EXPENDITURE SUMMARY**  
**BANDON SCHOOL DISTRICT 54**

Fund: 400 Capital Projects Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113	Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121	Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122	Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131	High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132	High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140	Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210	Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220	Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250	Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260	Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271	Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272	Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280	Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291	English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292	Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293	Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294	Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299	Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300	Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400	Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Instruction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120	Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130	Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140	Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150	Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160	Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190	Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210	Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220	Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230	Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240	Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310	Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320	Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410	Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490	Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510	Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520	Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540	Operation and Maintenance of Plant Services	\$1,216,278	\$0	\$0	\$1,167,216	\$0	\$49,062	\$0	\$0
2550	Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570	Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610	Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630	Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640	Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660	Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670	Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2680	Interpretation and Translation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690	Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700	Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Support Services Expenditures</b>		\$1,216,278	\$0	\$0	\$1,167,216	\$0	\$49,062	\$0	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200	Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300	Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500	Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Enterprise and Community Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120	Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150	Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180	Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190	Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Facilities Acquisition and Construction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200	Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300	Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400	PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Other Uses Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Grand Total</b>		\$1,216,278	\$0	\$0	\$1,167,216	\$0	\$49,062	\$0	\$0

# **AUDITOR'S REPORTS**



**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**

December 20, 2019

To the Board of Directors of Coos County School District No. 54:

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 Coos County School District No. 54 (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 20, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Coos County School District No. 54'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings number 2019-001 and 2019-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as findings number 2019-003 to be significant deficiencies.

## Coos County School District No. 54's Response to the Findings

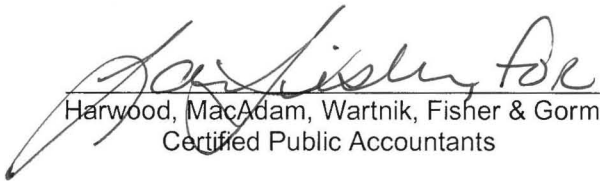
Coos County School District No. 54's response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coos County School District No. 54'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.



Harwood, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants





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

December 20, 2019

To the Board of Directors of Coos County School District No. 54:

We have audited the basic financial statements of Coos County School District No. 54 ("the District") as of and for the year ended June 30, 2019 and have issued our report thereon dated December 20, 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 and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0320, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

In connection with our testing, except as described below, nothing came to our attention that caused us to believe that the Coos County School District No. 54 was not in substantial compliance with certain provisions of laws, regulations, contract and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State.

The results of our testing indicated instances of non-compliance related to excess appropriations over budget as follows:

Expenditures exceeded budget in the following amounts:

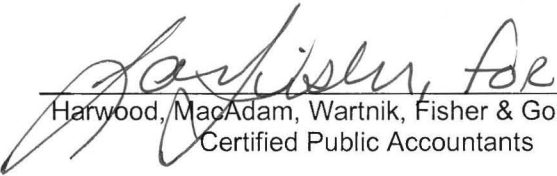
Debt Service Fund	
Debt Service	<u>\$ (75)</u>

**OAR 162-010-0230 Internal Control**

Please see our 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*.

**Purpose of this Report**

This report is intended solely for the information and use of management, Coos County School District No. 54 Board of Directors, Oregon Secretary of State Division of Audits, and federal awarding agencies and pass-through entities and is not intended to be and should not be used and should not be used by anyone other than these specified parties.

  
\_\_\_\_\_  
Harwood, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants



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

December 20, 2019

To the Board of Directors of Coos County School District No. 54:

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

We have audited Coos County School District No. 54's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2019. Coos County School District No. 54's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Coos County School District No. 54'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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coos County School District No. 54'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 Coos County School District No. 54's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Coos County School District No. 54 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

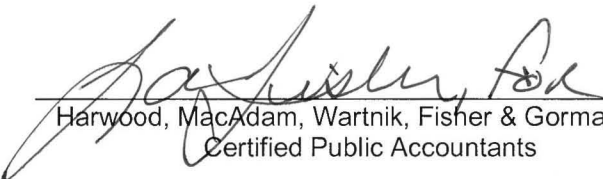
Management of Coos County School District No. 54 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over 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 Coos County School District No. 54'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.

### Purpose of this Report

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.

  
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Harwood, MacAdam, Wartnik, Fisher & Gorman, LLC  
Certified Public Accountants

**COOS COUNTY SCHOOL DISTRICT NO. 54  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2019**

**SECTION I SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued	<u>  X  </u> Qualified	<u>      </u> Unqualified
Internal control of financial reporting:		
Material weakness(es) identified?	<u>  X  </u> Yes	<u>      </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u>  X  </u> Yes	<u>      </u> No
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

**Federal Awards:**

Internal control over major programs:		
Any material weaknesses identified?	<u>      </u> Yes	<u>  X  </u> No
Any significant deficiencies identified not considered to be material weaknesses?	<u>      </u> Yes	<u>  X  </u> None reported
Type of auditor's report issued on compliance for major programs:		
Title I - Grants to Local Education Agencies	<u>      </u> Qualified	<u>  X  </u> Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	<u>      </u> Yes	<u>  X  </u> No

**Identification of major programs:**

IDEA - Special Education Grants to States	CFDA#	84.027
Title I Grants to Local Education Agencies	CFDA#	84.010
Dollar threshold used to distinguish between type A and type B programs		<u>  \$  750,000  </u>
Auditee qualified as low-risk auditee?	<u>      </u> Yes	<u>  X  </u> No

## SECTION II FINDINGS - FINANCIAL STATEMENT FINDINGS

### 2019-001 – Material weakness related to recording of end of year adjustments.

*Condition* – Numerous errors were discovered related to the recording of receivables and payables at the end of the year. A large entry had been made to record accounts payable but was entered backwards, resulting in an understatement of accounts payable by over \$164,000. An invoice for June construction costs of nearly \$266,000 was recorded as July costs and posted into the wrong budget year. Proceeds from a capital lease of \$38,754 was not booked.

*Effect* – Recording invoices backwards and in the wrong period causes the financial statements to be misstated. The General Fund ending fund balance was overstated by \$164,000 and the Capital Project Fund ending fund balance was overstated by \$266,000.

*Cause* – Business office staff are not familiar with the accounting software nor with some basic accounting concepts. The year-end adjustment to record accounts payable was prepared and entered but staff were not sufficiently familiar with the software to notice that it was posted backwards. The construction invoice contained the correct date of service which was June 2019, but was improperly entered into the District's accounting system with a date of July 2019. The supervision and review process did not catch the error.

*Criteria* – Generally accepted accounting principles (GAAP) require payables to be recorded in the period in which the services were performed or goods have been purchased.

*Recommendation* – Auditor proposed entries to record the adjustments. The Business Manager should receive financial accounting training, particularly on how to read reports printed by the District's software.

Because construction invoices can be challenging to read, auditors recommend that accounting staff be trained on how to read construction invoices for dates of service or delivery. The person monitoring the accounts payable process should more closely review invoices for proper dates.

*Management's Response* – Management agrees with the finding. The new Business Manager is enrolled in the New Business Manager Institute with OASBO, effective July 1st 2019. The two-year program facilitates mentorship from a multitude of experienced school business officials including CFO/SFO/CPA/etc. This program provides detailed instruction regarding routine accounting as well as year-end accounting, particularly in regard to recording year-end payables and receivables. The Superintendent will be responsible for ensuring this training program is completed

### 2019-002 – Material weakness in internal controls in over expenditures

*Condition* – Multiple instances were found where vendor checks had been written and the documentation for the payment was incorrect or inadequate. Of 40 checks selected for testing, 8 contained inadequate supporting documents. Of those, three were overpayments.

*Effect* – Inadequately documenting disbursements leads to duplicate payments, late fees, and payment of invoices that do not belong to the District. When someone looks back to see what invoices a particular check paid, inadequate documentation can make this impossible.

*Cause* –The District does not have a documented process for preparing packets of supporting information for payments. The process of preparing voucher packets was insufficiently supervised. Review of the paid voucher packets was not sufficient to spot missing or inaccurate supporting documents.

*Criteria* – Paid voucher packets need to contain all invoices and the invoices need to agree to the amount paid and to the purchase order, if applicable. Payments should be made on invoices, not directly off a billing statement. Billing statements should be reconciled monthly to prevent duplicate payments.

*Recommendation* – District management should document all items to be included in a voucher packet and should draft a procedure for how to properly assemble a voucher packet. A second person should review each voucher packet and verify that all supporting documentation is attached and is correct.

*Management's response:* Management agrees with the finding. Effective immediately, the district Payroll Clerk performs an internal audit of the accounts payable materials/process during the AP run on the 10<sup>th</sup> and 25<sup>th</sup> of each month. Within the timeframe of 07/01/2018 to 08/05/2019 there was multiple turnover in the Deputy Clerk and Payroll Clerk positions. Due to turnover and new employees, the District reviewed previously adopted policies and procedures for preparing supporting documents for bill payments. The Business Manager is responsible for enforcing Board policies DK, DJ and DI. The Business Manager is responsible for the final document review of each AP run.

### **2019-003 – Significant deficiency in segregation of accounting duties**

*Condition* – There is inadequate segregation of accounting duties within the business office resulting in few checks and balances over the majority of the accounting functions.

*Effect* – Errors can and are made and not detected in a timely manner. The possibility for material errors or fraud exists.

*Cause* – The District has limited accounting staff available and existing staff do not have sufficient experience in accounting or with the accounting software to detect and prevent errors.

*Criteria* – Strong internal controls required double-checking of work performed as well as segregation of duties. For example, the person printing checks, making bank deposits or transferring money between banks should not be the same person that reconciles the bank statements. The person reviewing the bank reconciliations should be familiar with the process and trained in spotting errors.

*Recommendation* – Implement internal controls wherever possible. Ensure bank reconciliations and financial records are reviewed regularly by someone with the experience to spot errors. Provide specialized accounting training to business office staff.

*Management's response:* Management agrees with the finding. Coos County School District No. 54 has updated and strictly adhered to improved accounting and internal control systems since 2007. Though the small size of the District's business office staff limits the ability to completely segregate duties, management is aware of this and actively maintains oversight of the District's daily functions.

Changes to the control systems include removing the Business Manager as a signer on the bank account, manual signing of checks by the Superintendent, and review of all reconciled bank statements, payroll reports and expenditures by the Superintendent.

The District will continue to review and improve internal controls, separating duties when possible among the Business Manager, Payroll Clerk, Administrative Secretary, and Superintendent, but recognizes that the value of incurring the additional expenses to increase staff in the District office does not justify the cost in the current economic climate of declining resources.

**SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings or questioned costs during the year ended June 30, 2019.