

**BANDON SCHOOL  
DISTRICT NO. 54**

*Coos County  
School District No. 54*

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**ANNUAL FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2022**

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## **DISTRICT OFFICIALS**



**COOS COUNTY SCHOOL DISTRICT NO. 54**

**DISTRICT OFFICIALS**

**June 30, 2022**

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Shauna Schmerer – Superintendent

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

December 15, 2022

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

### Report on the Audit of the Financial Statements

#### Qualified and Unmodified Opinions

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, 2022, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Summary of Opinions

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

#### *Qualified Opinion on Governmental Activities*

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Coos County School District No. 54 as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Each Major Fund*

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, 2022, 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.

#### Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

### *Matters Giving Rise to the Qualified Opinion on Governmental Activities*

The District has chosen not to 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.

The District has chosen not to adopt Governmental Accounting Standards Board (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 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. 87, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

Because the District did not determine the effect of potential leases, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Coos County School District No. 54's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coos County School District No. 54's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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, and the Schedule of Expenditures of Federal Financial Awards are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Expenditures of Federal Financial Awards is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Such 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 15, 2022, on our consideration of Coos County School District No. 54's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and on 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 15, 2022, on our consideration of the Coos County School District No. 54's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0320. 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.



HMW CPAs & Associates, LLC  
Certified Public Accountants

**BANDON SCHOOL DISTRICT NO. 54**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**June 30, 2022**

**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, 2022. 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, 2022 by \$8.7 million. In the prior year, the excess was \$5.6 million. This increase is partially attributable to changes in deferred inflows/outflows and liability related to pensions, and an increase in capital assets.
- On the fund basis, fund balances decreased \$450,000. This is due to a decrease in fund balance of \$1.2 million in the capital projects fund as the District is spending down fund balance on capital outlay, and is partially offset by a \$605,000 increase in fund balance in the General Fund.
- The General Fund ending fund balance increased by \$604 thousand compared to an increase of \$1.05 million in the previous year. 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. Currently we are estimating that the PERS percentage will need to increase by 6%+ for the next biennium. The district will also be losing Esser funding by September 2024 which has greatly assisted in funding many staff positions that were needed in our district. Having a greater fund balance is important to us in being able to maintain those positions through our General Fund.
- The General Fund accounted for \$7.8 million or 54% of the total revenue with the Special Revenue Fund accounting for \$3.6 million or 25% and the Capital Projects Fund accounting for \$2.6 million, or 18%.
- Total expenditures for the year were \$14.9 million, up about \$3.3 million from the prior year. Increases were mainly attributable to the Capital Projects Fund and the Special Revenue Fund.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 of 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 \$8.7 million as of June 30, 2022. 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, 2022 and 2021.

TABLE 1		
COOS COUNTY SCHOOL DISTRICT NO. 54		
STATEMENT OF NET POSITION		
	2022	2021
<b>Assets</b>		
Current assets	\$ 8,390,899	\$ 9,070,220
Capital assets	11,186,618	8,250,996
Total assets	19,577,517	17,321,216
<b>Deferred outflows</b>	3,330,703	3,853,516
<b>Liabilities</b>		
Long-term liabilities	8,887,760	13,481,348
Other liabilities	783,392	947,657
Total liabilities	9,671,152	14,429,005
<b>Deferred inflows</b>	4,544,588	1,115,661
<b>Net Position</b>		
Invested in capital assets, net of related debt	9,265,587	7,114,326
Restricted	995,961	875,804
Unrestricted	(1,569,068)	(2,360,064)
Total net position	\$ 8,692,480	\$ 5,630,066

About \$9.3 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 and plus any unspent bond proceeds. 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 installation of a new HVAC system and replacing four roofs.

The District's total net position increased by about \$3 million. The majority of this increase is related to increases in amounts invested in capital assets and increases in restricted net position.

Current liabilities, excluding liabilities for long-term debt and pensions, total approximately \$783 thousand compared to the 20-21 year of \$948 thousand. The accounts payable balances decreased as the roofing project that was in progress during the prior year end was completed.

Table 2 shows the comparative changes in net position for the years ending June 30, 2022 and 2021, respectively.

Table 2		
CHANGE IN NET POSITION		
	2022	2021
<b>REVENUES:</b>		
Program revenues:		
Charges for services and contracts	\$ 307,677	\$ 299,385
Operating grants and contributions	1,939,086	1,791,346
Capital grants and contributions	4,175,128	85,049
General revenues:		
Property taxes	4,753,906	4,362,474
State and local sources	3,127,209	4,193,604
Earnings on investments	39,017	46,162
Gain/(loss) on disposal of capital assets	(472,918)	-
Total revenues	13,869,105	10,778,020
<b>EXPENSES:</b>		
Instruction	(5,844,287)	(6,615,027)
Support services	(3,999,259)	(3,352,789)
Community services	(461,350)	(297,934)
Interest on long-term debt	(85,630)	(26,145)
Unallocated depreciation	(416,165)	(294,574)
Total expenses	(10,806,691)	(10,586,469)
Increase (decrease) in net position	3,062,414	191,551
Net position - beginning of year	5,630,066	5,438,515
Net position - ending	\$ 8,692,480	\$ 5,630,066

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

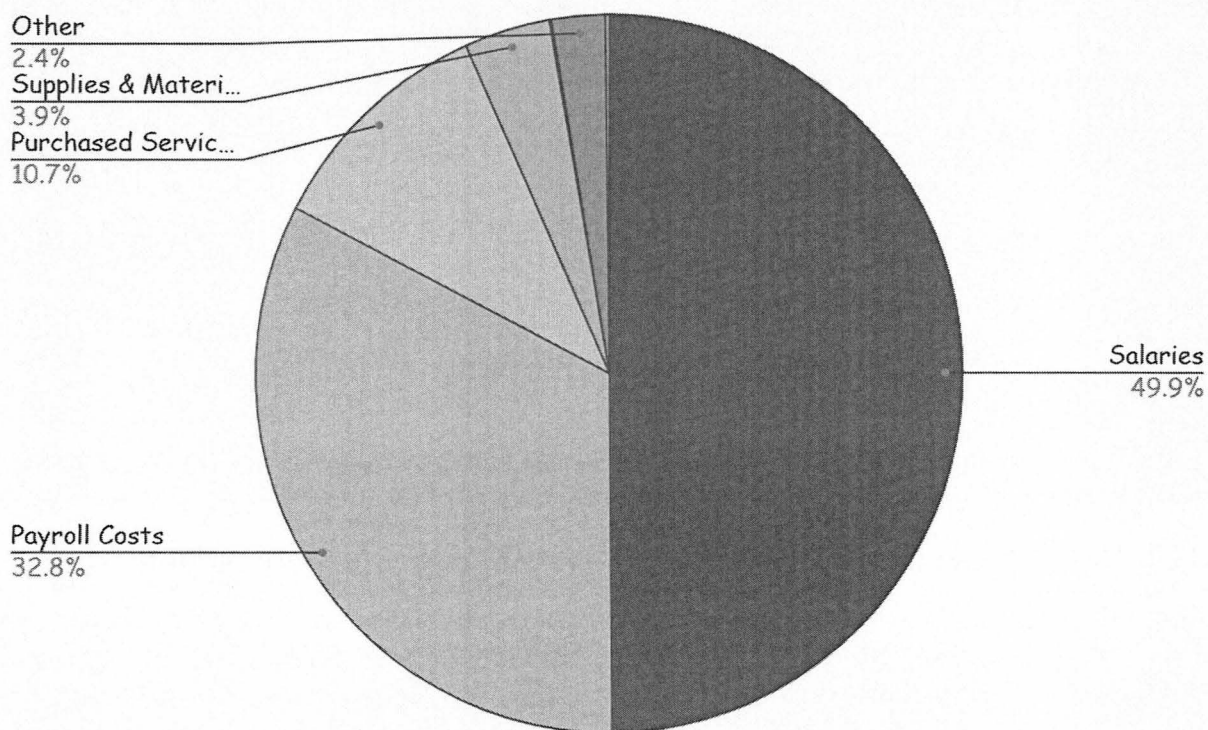
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**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, 2022, the District's governmental funds reported combined ending fund balances of \$7.4 million, a decrease of \$450 thousand.

- *General Fund:* The General Fund is the primary operating fund of the District. As of June 30, 2022, unassigned fund balance was \$4.5 million. This is an increase of about \$700 thousand 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. In addition, some general fund expenses were covered by grants in the Special Revenue fund.

- *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 \$604,000. 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 \$49,000. This fund balance will be applied toward the 2021 GO Bond payments.
- *Capital Projects Fund:* Funded by proceeds from the 2021 GO Bond, the District replaced the roofs of all three schools and the district office. The District also replaced their HVAC system. The District is in process of resurfacing the track and a security door upgrade project.

The chart below identifies the major expenditure categories and their percentage related to total General Fund expenditures. Capital Projects & Transfers are not reflected as they were under 1% of the total general fund expenditures. The percentages shown are consistent when compared to the previous year. In 21/22 salary and benefits decreased by .3%, accounting for 82.7% of the overall General Fund expense.



## CURRENT FINANCIAL ISSUES AND CONCERNS BEARING ON THE FUTURE

The most significant economic factor for the District is the State of Oregon's State School Fund. Should the Oregon economy perform more poorly than was forecast, cuts are made to the state budget which affects programs supported by the state. The District continues to see a decrease in student enrollment, requiring the district to be thinking ahead about maintaining a fund balance that would align with maintaining the current level of student care, education and staffing. The fund balance the district ended the 21/22 FY with provided the district with the ability to maintain the same staffing and class sizes compared to previous years. Being able to project student enrollment enables the district to anticipate potential losses in State School Funding and plan ahead for the future through the usage of special grants opportunities and proper budgeting.

Another factor we look at in funding is the Oregon Economic and Revenue forecast which was put out in December of 2022. The forecast was not promising with the expectation of a recession on the horizon in the next 1-2 years. This recession would impact both the 2023-2025 & 2025-2027 biennium. The state's reserve accounts (Education Stability Fund, Rainy Day Fund, and Cash Reserves) are projected to reach \$2.0 billion during the 2021-2023 biennium. This is about 7.2% of the General Fund Budget, which appears to create a decent safety net, but again, with the risk of inflation upon us, this increase shouldn't be counted on. Expected revenues for the 2023-25 biennium are expected to be around \$3 billion lower than they were this biennium as profits and investment income return to normal and a record kicker credit is paid out. At the close of 2023-25 the combined balance will be \$2.8 billion, or 11.2 percent of revenues. Such levels of reserve balances are larger than Oregon has been able to accumulate in past cycles, and should help stabilize the budget when the next recession hits. Lastly, Oregon's corporate kicker grew to nearly \$1.3 billion as of December 2022. This is an increase from last year of \$453 million. These are funds that must be spent on K-12 education.

Despite this stabilization of the 2021-2022 budget and significant state reserves, there are long term economic uncertainties regarding the impact of Covid-19, wildfires, the high potential for a recession, unemployment, small business failures, inflation & increased interest rates.

There are increased projected PERS payroll related costs for at least the next three fiscal years. Over the next 3 years (biennium), the PERS % is said to be increasing by at least 6%. The district is preparing for this change by maintaining an increased fund balance through smart special fund planning and budgeting. 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 funding through ESSER (Elementary and Secondary School Emergency Relief Fund) once again this FY, which is set to expire as of September 2024. The district was able to utilize these funds to fund employees and off-set the general fund allowing for a larger fund balance in our general fund in preparation to retain the same number of employees and education opportunities for our students.

The District received a \$4,000,000 bond in the spring of 2021. This bond was state matched with an OSCIM grant, giving us a total of \$8,000,000 to use for the improvement of our existing facilities. In May of 2021 we began these projects, including new roofs, HVAC & security systems for each building. In FY 21/22 we have done security upgrades by installing security doors and cameras, resurfaced the track & finished roofing projects. We will continue to use these funds in the following year to continue improvements to our facilities, including fencing throughout our district property, continuing with upgrades to the security of our buildings and the building of our new bus barn. These grants have been invaluable and provide the District with assurances that all our buildings will be safer for our staff and students. The district has many facility improvement needs and appropriate fiscal planning for these needs are being implemented and will continue until the needs have been met.

The Bandon School District would like to thank the business community, individuals and groups who generously donate to our students and staff. Many of our programs, projects and scholarships are funded with their generosity.

The Bandon School District staff and administration will continue to practice sound fiscal management to make sure the needs of our staff and students are met to the best extent possible. The Bandon School District staff would like to thank the budget committee and the school board for your role in the steps of determining the best educational opportunities for our 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, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,934,033
Receivables:	
Intergovernmental	1,090,275
Property taxes	342,435
Accounts	5,370
Inventories	17,195
Prepaid expenses	1,591
Pension asset	
Capital assets:	
Land	122,221
Construction in progress	386,474
Depreciable assets, net of accumulated depreciation	<u>10,677,923</u>
Total assets	<u>19,577,517</u>
<b>DEFERRED OUTFLOWS</b>	
Deferred amounts related to pensions	<u>3,330,703</u>
<b>LIABILITIES</b>	
Accounts payable	101,748
Accrued payroll and benefits	553,260
Unearned grant proceeds	79,472
Accrued interest payable	1,430
Accrued compensated absences	27,122
Retirement stipend payable	20,360
Pension obligation	5,156,844
Long-term debt:	
Capital leases, payable within one year	7,685
Bonded debt, payable within one year	330,000
Capital leases, payable after one year	18,231
Bonded debt, payable after one year	<u>3,375,000</u>
Total liabilities	<u>9,671,152</u>
<b>DEFERRED INFLOWS</b>	
Deferred amounts related to pensions	<u>4,544,588</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,265,587
Restricted by grantor or donor for specific purpose	995,961
Unrestricted	<u>(1,569,068)</u>
Total net position	<u><u>\$ 8,692,480</u></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, 2022**

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	\$ 5,844,287	\$ 204,683	\$ 1,492,906	\$ 2,693,258	\$ (1,453,440)
Supporting services	3,999,259	86,067	65,000	-	(3,848,192)
Community services	461,350	16,927	381,180	-	(63,243)
Facilities and acquisition	-	-	-	1,481,870	1,481,870
Unallocated interest*	85,630	-	-	-	(85,630)
Unallocated depreciation*	416,165	-	-	-	(416,165)
<b>Total governmental activities</b>	<b>\$ 10,806,691</b>	<b>\$ 307,677</b>	<b>\$ 1,939,086</b>	<b>\$ 4,175,128</b>	<b>(4,384,800)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					4,373,118
Property taxes, levied for debt service					380,788
Federal and State aid not restricted to specific purposes					3,127,209
Interest and investment earnings					39,017
Gain (Loss) on disposition of capital assets					(472,918)
<b>Total general revenues</b>					<b>7,447,214</b>
<b>Change in net position</b>					<b>3,062,414</b>
Net position - beginning					5,630,066
Net position - ending					<b>\$ 8,692,480</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, 2022

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,393,769	\$ 31,259	\$ 45,504	\$ 1,463,501	\$ 6,934,033
Receivables:					
Accounts	100	5,270	-	-	5,370
Intergovernmental	51,573	654,340	3,881	380,481	1,090,275
Taxes - current	53,862	-	-	-	53,862
Taxes - future	264,708	-	23,865	-	288,573
Prepaid expenses	-	-	-	1,591	1,591
Inventory	-	17,195	-	-	17,195
Total assets	<u>\$ 5,764,012</u>	<u>\$ 708,064</u>	<u>\$ 73,250</u>	<u>\$ 1,845,573</u>	<u>\$ 8,390,899</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 41,594	\$ 24,466	\$ -	\$ 35,688	\$ 101,748
Payroll liabilities payable	553,260	-	-	-	553,260
Unearned grant revenue	-	79,472	-	-	79,472
Total liabilities	<u>594,854</u>	<u>103,938</u>	<u>-</u>	<u>35,688</u>	<u>734,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>264,708</u>	<u>-</u>	<u>23,865</u>	<u>-</u>	<u>288,573</u>
<b>FUND BALANCES</b>					
Nonspendable	-	17,195	-	-	17,195
Restricted	430,450	565,511	49,385	1,809,885	2,855,231
Committed	-	21,420	-	-	21,420
Unassigned	4,474,000	-	-	-	4,474,000
Total fund balances	<u>4,904,450</u>	<u>604,126</u>	<u>49,385</u>	<u>1,809,885</u>	<u>7,367,846</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,764,012</u>	<u>\$ 708,064</u>	<u>\$ 73,250</u>	<u>\$ 1,845,573</u>	<u>\$ 8,390,899</u>

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, 2022

**Total fund balances - governmental funds** **\$ 7,367,846**

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
Construction in progress		386,474
Buildings		14,431,564
Equipment		844,699
Vehicles		993,139
		16,778,097

Less accumulated depreciation on capital assets		(5,591,479)
		11,186,618

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		288,573
Deferred outflow related to pension benefits		3,330,703

3,619,276

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		(4,544,588)
Net pension obligation		(5,156,844)
Capital leases payable		(25,916)
Accrued interest payable		(1,430)
General obligation bonds payable		(3,705,000)
Accrued retirement benefit payable		(20,360)
Accrued compensated absences		(27,122)

(13,481,260)

**Total net position - governmental activities** **\$ 8,692,480**

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, 2022**

	General	Special Revenue	Debt Service	Capital Projects	Total
Revenues:					
Property taxes	\$ 4,410,101	\$ -	\$ 380,702	\$ -	\$ 4,790,803
Curricular	23,815	137,042	-	-	160,857
Charges for services	90,906	5,392	-	-	96,298
Contributions and donations	60,692	150,881	-	-	211,573
Earnings on investments	38,742		275	-	39,017
Other	45,008	11,042	-	-	56,050
County and intermediate sources	21,362	-	-	-	21,362
State school fund	3,045,557	-	-	-	3,045,557
Other state funding	95,086	994,863	-	2,578,556	3,668,505
Federal grants	2,033	2,350,950	-	-	2,352,983
Other federal sources	5,384	-	-	-	5,384
Total revenues	7,838,686	3,650,170	380,977	2,578,556	14,448,389
Expenditures:					
Current:					
Instruction	3,882,396	2,365,548	-	-	6,247,944
Supporting services	3,320,711	694,526	-	43,000	4,058,237
Community services		415,279	-	-	415,279
Debt service	10,278	53,345	377,311	-	440,934
Capital outlay	5,781	24,763	-	3,705,010	3,735,554
Total expenditures	7,219,166	3,553,461	377,311	3,748,010	14,897,948
Excess (deficiency) of revenues over (under) expenditures	619,520	96,709	3,666	(1,169,454)	(449,559)
Other financing sources (uses):					
Transfer in	-	14,672	-	-	14,672
Transfer out	(14,672)	-	-	-	(14,672)
Total other financing sources (uses)	(14,672)	14,672	-	-	-
Net change in fund balances	604,848	111,381	3,666	(1,169,454)	(449,559)
Fund balances at beginning of year	4,299,602	492,745	45,719	2,979,339	7,817,405
Fund balances at end of year	\$ 4,904,450	\$ 604,126	\$ 49,385	\$ 1,809,885	\$ 7,367,846

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, 2022**

<b>Total net change in fund balances - governmental funds</b>	<b>\$ (449,559)</b>
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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	(36,897)
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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 outlay	\$ 3,824,705	
Gain (loss) on disposition of capital assets	(472,918)	
Depreciation	<u>(416,165)</u>	
		2,935,622

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.

Long-term debt principal payments	<u>353,028</u>	353,028
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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 obligations and deferred inflows/outflows	288,820	
Change in retirement stipend payable	(20,360)	
Change in accrued interest payable	2,276	
Change in compensated absences	<u>(10,516)</u>	
		<u>260,220</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 3,062,414</u></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, 2022

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

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units, as required by interpretation of Oregon law related to Districts. 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 construction bonds. For the District, this includes the 2021 General Obligation Bond. 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 \$17,195 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, 2022. 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 pensions. 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 pensions, 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*, was 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. *Leases*

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 was originally to be effective for reporting periods beginning after December 15, 2019 (FYE 6-30-21), but implementation has been extended until FYE 6-30-22 due to the COVID-19 pandemic.



The District has chosen not to adopt Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases". 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. 87, the effect on the Statement of Net Position and the Statement of Activities cannot be determined.

#### 11. *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.

#### 12. *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.

#### 13. *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.

#### 14. *New Accounting Pronouncements Upcoming*

The District's policy is to 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. 100, "*Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

## 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:

General Fund	
Debt Service	<u>\$ (2,314)</u>

### **III. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

**Deposits.** Deposits with financial institutions are comprised of bank demand deposits. All deposits are held in the name of the District.

*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.

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. 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 Program are not 100 percent guaranteed.

The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program, a multiple financial institution collateral pool administered by the Oregon State Treasurer's office, are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. All of the District's deposits were with institutions participating in the Oregon Public Funds Collateralization Program or were covered by FDIC insurance. Therefore, none of the District's deposits were exposed to custodial credit risk.

**Investments.** The District invests funds in the State Treasurer's Oregon Short Term Fund Local Government Investment Pool. The Oregon Short Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). 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 Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 294. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015.

*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 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, 2022, the District had the following investments:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	<u>\$ 5,976,816</u>

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

Carrying amount of deposits	\$ 957,217
Carrying amount of LGIP	<u>5,976,816</u>
Total cash and cash equivalents	<u>\$ 6,934,033</u>

Cash and cash equivalents by fund per Balance Sheet:

Fund:

General	\$ 5,393,769
Special Revenue	31,259
Debt Service	45,504
Capital Projects	<u>1,463,501</u>
	<u>\$ 6,934,033</u>

**B. Receivables**

All non-current property taxes receivable are treated as deferred revenue in the fund financial statements. Other accounts and intergovernmental receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible amounts 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 2021-22, the District imposed taxes in the amount of \$3.9702 per \$1,000 of assessed value for general operations and \$397,128 for bonded debt. After reduction for estimated shared offsets, truncation, and loss due to constitutional limits, this resulted in a net levy of \$4,802,297.

**C. Deferred Inflows/Deferred Outflows of Resources**

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, 2022, the General Fund and the Debt Service Fund reported deferred inflows of resources for property taxes totaling \$288,573 which are not yet available to liquidate liabilities.

The Statement of Net Position reports deferred outflows of resources totaling \$3,330,703 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 \$4,544,588 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	\$ -	\$ 17,195	\$ -	\$ -	\$ 17,195
Restricted:					
Debt service	-	-	49,385	-	49,385
Construction projects	-	-	-	1,809,885	1,809,885
Donations for specific purposes	428,417	220,133	-	-	648,550
Instructional grants	2,033	-	-	-	2,033
Food service	-	117,240	-	-	117,240
Student body activities	-	228,138	-	-	228,138
Committed:					
Bus replacement	-	21,420	-	-	21,420
Unassigned:	4,474,000	-	-	-	4,474,000
Total fund balance	<u>\$ 4,904,450</u>	<u>\$ 604,126</u>	<u>\$ 49,385</u>	<u>\$ 1,809,885</u>	<u>\$ 7,367,846</u>

## E. Capital Assets

Capital asset activity for the District for the year ended June 30, 2022 was as follows:

	Balance 6/30/2021	Reclassify	Additions	Deletions	Balance 6/30/2022
<i><u>Nondepreciable capital assets</u></i>					
Land	\$ 122,221	\$ -	\$ -	\$ -	\$ 122,221
Construction in process	1,257,470	(1,257,470)	386,474	-	386,474
Total nondepreciable capital assets	1,379,691	(1,257,470)	386,474	-	508,695
<i><u>Depreciable capital assets</u></i>					
Buildings & improvements	10,929,139	1,257,470	3,344,129	(1,099,174)	14,431,564
Furniture & equipment	803,476	-	94,102	(52,879)	844,699
Vehicles	1,004,939	-	-	(11,800)	993,139
Total depreciable capital assets	12,737,554	1,257,470	3,438,231	(1,163,853)	16,269,402
<i><u>Less accumulated depreciation for:</u></i>					
Buildings & improvements	(4,772,240)	-	(288,572)	629,431	(4,431,381)
Furniture & equipment	(371,938)	-	(62,176)	49,794	(384,320)
Vehicles	(722,071)	-	(65,417)	11,710	(775,778)
Total accumulated depreciation	(5,866,249)	-	(416,165)	690,935	(5,591,479)
Net depreciable capital assets	6,871,305	1,257,470	3,022,066	(472,918)	10,677,923
Total	\$ 8,250,996	\$ -	\$ 3,408,540	\$ (472,918)	\$ 11,186,618

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

## F. Leases

*Capital Lease.* The District leases vehicles and equipment under lease-purchase agreements. The lease payments for the year ending June 30, 2022 were \$58,028. The cost of the leased items totaled \$324,753, with accumulated depreciation of \$237,195 and a net book value of \$87,558 as of the year ended June 30, 2022. 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, 2022 were as follows:

Year Ending June 30th	Principal	Interest	Total
2023	\$ 7,685	\$ 160	\$ 7,845
2024	18,231	520	18,751
Total	\$ 25,916	\$ 680	\$ 26,596

## G. Long-Term Debt

### *2021 Issue General Obligation Bonds.*

On May 5, 2021 the District issued \$4,000,000 in general obligation bonds. The bonds were issued at face value. Proceeds are to be used for capital improvements, specifically security improvements, construction of a bus barn, lighting and HVAC upgrades, roof repairs, track resurfacing and site improvements. The Oregon School Capital Improvement Matching Program (OSCIM) will be matching the bond with a \$4,000,000 grant. Principal payments are due annually on June 15, with interest due semiannually on June 15 and December 15, beginning December 15, 2021. The interest rate is 1.852 percent. The full faith and credit and taxing power of the District has been pledged to pay the bonds.

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 330,000	\$ 68,616	\$ 398,616
2024	350,000	62,505	412,505
2025	365,000	56,022	421,022
2026	395,000	49,264	444,264
2027	410,000	41,949	451,949
2028	430,000	34,354	464,354
2029	455,000	26,391	481,391
2030	475,000	17,964	492,964
2031	495,000	9,168	504,168
Total	<u>\$ 3,705,000</u>	<u>\$ 366,233</u>	<u>\$ 4,071,233</u>

During the fiscal year ended June 30, 2022, the following changes occurred in long-term debt:

	<u>Balance 6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2022</u>	<u>Amount due within one year</u>
2021 G. O. Bonds	\$ 4,000,000	\$ -	\$ (295,000)	\$ 3,705,000	\$ 330,000
Leases	83,944	-	(58,028)	25,916	7,685
Total	<u>\$ 4,083,944</u>	<u>\$ -</u>	<u>\$ (353,028)</u>	<u>\$ 3,730,916</u>	<u>\$ 337,685</u>



During the fiscal year ended June 30, 2022, the following changes occurred in other long-term liabilities:

	Balance 6/30/2021	Increases	Decreases	Balance 6/30/2022	Amount due within one year
Compensated absences	\$ 16,606	\$ 40,001	\$ (29,485)	\$ 27,122	\$ 27,122
Retirement stipend	-	24,432	(4,072)	20,360	4,886
Total	<u>\$ 16,606</u>	<u>\$ 64,433</u>	<u>\$ (33,557)</u>	<u>\$ 47,482</u>	<u>\$ 32,008</u>

#### H. Transfers

The composition of interfund transfers during the fiscal year ended June 30, 2022 are as follows:

Interfund Transfers:	Amount
Transfer out General Fund	<u>\$ 14,672</u>
Transfer in Special Revenue Fund	<u>\$ 14,672</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. Workers' 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, 2022, the District was committed to several capital projects. Details are shown below:

<u>Fund</u>	<u>Description</u>	<u>Contract Amount</u>	<u>Outstanding Contract Amount</u>	<u>Percentage of Completion</u>
Capital Projects:				
	Track resurfacing	\$ 294,988	\$ 65	100%

### C. Employee Retirement System and Plans

#### Public Employees Retirement System

The District contributes to the State of Oregon Public Employees Retirement System (PERS), which was established by Oregon Legislature pursuant to Oregon Revised Statutes (ORS). PERS is a 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. ORS 238 and 238A assign the authority to establish and amend benefit provisions to the state legislature. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage PERS. Contribution requirements are established by ORS and may be amended by the PERS Board of Trustees.

#### **Plan Benefits -**

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

Pension Benefits - The PERS retirement allowance 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 ACFR***

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

### ***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 26.83 percent for Tier I and Tier II employees and 23.72 percent for OPSRP members for the fiscal year.

Employer contribution rates during the period were based on the December 31, 2019 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, 2022 were \$1,327,956. This consisted of \$1,074,572 from the District and \$253,384 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, 2022, the District reported a liability of \$5,156,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.04309408 percent, which was a decrease of .003302 from its proportion measured as of June 30, 2020. For the year ended June 30, 2022, the District's actuarially determined pension expense was \$609,911.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 482,714	\$ -	
Changes in assumptions	1,290,913	13,572	
Net difference between projected and actual earnings on investments	-	3,817,572	
Changes in proportion share	205,148	712,140	
Differences between employer contributions and employer's proportionate share of system contribution:	267,808	1,304	
Subtotal amortized deferrals	2,246,583	4,544,588	\$ (2,298,005)
Contributions subsequent to the MD	1,084,120	-	1,084,120
Total deferred outflows (inflows) of resources	<u>\$ 3,330,703</u>	<u>\$ 4,544,588</u>	<u>\$ (1,213,885)</u>

The \$1,084,120 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, 2023.

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	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
<u>Fiscal years</u>	
1st Fiscal Year	\$ (366,327)
2nd Fiscal Year	(448,725)
3rd Fiscal Year	(680,035)
4th Fiscal Year	(937,014)
5th Fiscal Year	134,096
Thereafter	-
Total	<u>\$ (2,298,005)</u>

### ***Actuarial Assumptions***

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience Study	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blended based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category with job category adjustments and set-backs as described in the valuation.</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 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021, 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 following table 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>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5	37.5	32.5
Real Estate	9.5	15.5	12.5
Private Equity	14.0	21.0	17.5
Alternatives Portfolio	7.5	17.5	15.0
Opportunity Portfolio	0.0	5.0	0.0
Risk Parity	0.0	2.5	2.5
Total			100.0 %

*Long-Term Expected Rate of Return:*

<u>Asset Class</u>	<u>Target</u>	<u>Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund of Funds - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation - Mean		2.40%

*Discount Rate:*

The discount rate used to measure the total pension liability was 6.90 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>	6/30/2021
Actuarial Valuation Date (liability rolled forward to MD)	12/31/2019
Discount rate	6.90%
Employer's proportionate share at prior MD	0.04306106%
Employer's proportionate share at MD	0.04309408%
Employer's proportionate share of system NPL/(A) at prior MD	\$ 9,397,404
Employer's proportionate share of system NPL/(A) at MD	\$ 5,156,844
Sensitivity: NPL/(A) using discount rate 1.00% lower	\$ 10,126,809
Sensitivity: NPL/(A) using discount rate 1.00% higher	\$ 998,788

#### **Employer Pension Expense for Measurement Period**

Employer's proportionate share of system Pension Expense/(Income)	\$ 748,015
Net amortization of deferred amounts from:	
Changes in proportionate share	(266,381)
Differences between employer contributions and employer's proportionate share of system contributions	128,277
Employer's Total Pension Expense/(Income)	<u>\$ 609,911</u>

The assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 1, 2022.

#### ***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.

On July 15, 2021, Portland Public Schools issued pension obligation bonds resulting in a lump-sum deposit to a new side account with PERS totaling \$398,665,572. On August 13, 2021, 22 school district employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts with PERS totaling \$654,583,738. On August 31, 2021, five community college employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts totaling \$212,080,721. On September 28, 2021, one school district employer issued pension obligation bonds resulting in a lumpsum deposit to a new side account totaling \$73,908,669.

On July 23, 2021, the PERS Board voted to set the assumed rate of return to 6.9 percent, down from 7.2 percent. The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate was then adopted in an administrative rule at the PERS Board's October 1, 2021, meeting. The new assumed rate will be reflected in the December 31, 2021 actuarial valuation for funding, and decreases in the assumed rate typically increase the system's unfunded actuarial liability as well as employer contribution rates. The new assumed rate was applied by the actuaries to the Net Pension Liability and Net OPEB Liability as of June 30, 2021.



Management is not aware of any other changes subsequent to the June 30, 2021 measurement date that meet this requirement and thus would require a brief description under the GASB standard.

#### **D. Other Postemployment Benefits**

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 other postemployment benefits (OPEB) for retired and active employees on the financial statements along with related deferred inflows and deferred outflows.

The District does not have a significant 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 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 NINE YEARS\***  
**June 30, 2022**

**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%
2020	0.050531%	8,740,570	3,697,774	-236.37%	80.2%
2021	0.043061%	9,397,404	4,084,513	-230.07%	75.8%
2022	0.043094%	5,156,844	4,073,695	-126.59%	87.6%

**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 <sup>6</sup>	1,090,463	(1,090,463)	-	3,697,774	29.49%
2020 <sup>7</sup>	1,347,236	(1,347,236)	-	4,084,513	32.98%
2021	1,386,171	(1,386,171)	-	4,073,695	34.03%
2022 <sup>8</sup>	1,327,956	(1,327,956)	-	4,419,350	30.05%

\*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%.

<sup>6</sup> The June 30, 2019 NPL reflects assumption changes reducing the long-term expected rate of return from 7.50% to 7.20% and the discount rate from 7.50% to 7.20%.

<sup>7</sup> The June 30, 2020 NPL reflects an annual salary cap of \$195,000 for determining member benefits.

<sup>8</sup> The June 30, 2021 NPL reflects a change in the discount rate from 7.2 percent to 6.9 percent.

## 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 2021 General Obligation Bond 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 state grants, 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, 2022**

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ 4,453,925	\$ 4,436,586	\$ 4,669,264	\$ 232,678
Intermediate sources	11,000	11,000	21,362	10,362
State sources	3,547,845	3,547,845	3,140,643	(407,202)
Federal sources	24,941	24,941	7,417	(17,524)
Total revenues	8,037,711	8,020,372	7,838,686	(181,686)
Expenditures:				
Current:				
Instruction	5,991,121	5,973,782	3,882,396	2,091,386
Supporting services	3,797,142	3,797,142	3,326,492	470,650
Debt service	7,964	7,964	10,278	(2,314)
Contingency	233,694	233,694	-	233,694
Total expenditures	10,029,921	10,012,582	7,219,166	2,793,416
Excess (deficiency) of revenues over (under) expenditures	(1,992,210)	(1,992,210)	619,520	2,611,730
Other financing sources (uses):				
Transfer out	(174,153)	(174,153)	(14,672)	159,481
Issuance of debt	100	100	-	(100)
Sale of capital assets	3,000	3,000	-	(3,000)
Total other financing sources (uses)	(171,053)	(171,053)	(14,672)	156,381
Net change in fund balance	(2,163,263)	(2,163,263)	604,848	2,768,111
Fund balance at beginning of year	-	-	4,299,602	4,299,602
Fund balance at end of year	\$ (2,163,263)	\$ (2,163,263)	\$ 4,904,450	\$ 7,067,713

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, 2022**

	Budget			
	Original	Final	Actual	Variance
Revenues:				
Local sources	\$ 228,141	\$ 228,141	\$ 304,357	\$ 76,216
State sources	471,903	1,162,123	994,863	(167,260)
Federal sources	1,164,124	3,150,287	2,350,950	(799,337)
Total revenues	1,864,168	4,540,551	3,650,170	(890,381)
Expenditures:				
Current:				
Instruction	1,425,699	2,769,861	2,390,311	379,550
Supporting services	499,561	1,593,059	694,526	898,533
Community services	633,891	672,614	415,279	257,335
Debt service	58,092	58,092	53,345	4,747
Total expenditures	2,617,243	5,093,626	3,553,461	1,540,165
Excess (deficiency) of revenues over (under) expenditures	(753,075)	(553,075)	96,709	649,784
Other financing sources (uses):				
Transfer in	188,725	188,725	14,672	(174,053)
Transfer out	(14,672)	(14,672)		14,672
Lease proceeds	100,000	100,000	-	(100,000)
Total other financing sources	274,053	274,053	14,672	(259,381)
Net change in fund balance	(479,022)	(279,022)	111,381	390,403
Fund balance at beginning of year	479,022	479,022	492,745	13,723
Fund balance at end of year	\$ -	\$ 200,000	\$ 604,126	\$ 404,126

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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Local sources	\$ 386,159	\$ 380,977	\$ (5,182)
Expenditures:			
Debt service	403,381	377,311	26,070
Net change in fund balance	(17,222)	3,666	20,888
Fund balance at beginning of year	17,222	45,719	28,497
Fund balance at end of year	<u>\$ -</u>	<u>\$ 49,385</u>	<u>\$ 49,385</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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	<u>\$ 3,128,000</u>	<u>\$ 2,578,556</u>	<u>\$ (549,444)</u>
Expenditures:			
Supporting services	58,500	43,000	15,500
Facilities acquisition/construction	<u>6,998,250</u>	<u>3,705,010</u>	<u>3,293,240</u>
Total expenditures	<u>7,056,750</u>	<u>3,748,010</u>	<u>3,308,740</u>
Net change in fund balance	(3,928,750)	(1,169,454)	2,759,296
Fund balance at beginning of year	<u>3,928,750</u>	<u>2,979,339</u>	<u>(949,411)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,809,885</u></u>	<u><u>\$ 1,809,885</u></u>

COOS COUNTY SCHOOL DISTRICT NO. 54  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Grant Title	AL#	ODE Pass Through #	2021-22 Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Passed through Oregon State Department of Education:</b>			
Special Education Cluster (IDEA)			
IDEA Part B, Section 619	84.173	68861	1,429
IDEA Part B, Section 619 ARP	84.173	69105	591
IDEA Part B, Section 619	84.173	60458	13
IDEA Part B, Section 611 ARP	84.027	68322	28,907
IDEA Part B, Section 611	84.027	68571	140,396
Total Special Education Cluster (IDEA)			<u>171,336</u>
Title I-A	84.010	66922	<u>203,217</u>
Title II-A Improving Teacher Quality	84.367	53479	12,755
Title II-A Improving Teacher Quality	85.367	58710	30,637
Title II-A Improving Teacher Quality	86.367	67355	12,787
Total Title II-A Improving Teacher Quality			<u>56,179</u>
Title IV Student Support and Academic Enrichment	84.424	66711	<u>17,339</u>
COVID-19 Education Stabilization Fund Cluster:			
Elementary and Secondary Education Emergency Relief	84.425D *	64529	580,776
Elementary and Secondary Education Emergency Relief (ARP)	84.425U *	64834	901,094
Total COVID-19 Education Stabilization Fund Cluster:			<u>1,481,870</u>
Title V-B Rural & Low Income Schools	84.358	67321	15,045
Title V-B Rural & Low Income Schools	84.358		49
			<u>15,094</u>
<b>Total passed through Oregon Department of Education</b>			<u>1,945,035</u>
<b>Passed through Oregon Department of Health &amp; Human Services</b>			
Vocational Rehabilitation Grants	84.126A	160698	<u>\$ 24,052</u>
<b>Passed through South Coast Education Service District</b>			
Perkins Career and Technical Education	84.048		<u>7,256</u>
<b>Total U.S. Department of Education</b>			<u>1,976,343</u>
<b>U.S. Department of Agriculture</b>			
<b>Passed through Oregon State Department of Education (ODE):</b>			
Child Nutrition Cluster:			
CNP Block-NSL Breakfast Program	10.553		81,563
CNP Block-NSL Lunch Program	10.555		236,981
Commodity NSLP - Noncash financial assistance	10.555		18,316
National School Lunch Supply Chain Assistance	10.555		16,114
			<u>352,974</u>
CNP-Block Summer Food	10.559		20,184
CNP-Block Summer Food-Sponsor Admin	10.559		2,068
Commodity - SPSP	10.559		800
			<u>23,052</u>
CNP SNAP State and Local P-EBT FF	10.649		<u>614</u>
Total Child Nutrition Cluster			<u>376,640</u>
<b>Total U.S. Department of Agriculture, passed through ODE</b>			<u>376,640</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,352,983</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, 2022**

**Note 1. Purpose of the Schedule**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Coos County School District No. 54 for the year ended June 30, 2022.

**Note 2. Basis of Presentation**

The accompany schedule of expenditures of federal awards is presented on the modified accrual basis of accounting as described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 3. Subrecipients**

During the year ended June 30, 2022, 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 percent de minimis indirect cost rate during the 2021-22 fiscal year.

**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 and commodities, 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 or solicited contracts between the state and federal governments for which the federal government procures tangible goods or services.

**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**



## **Bandon School District #54**

455 9<sup>th</sup> Street SW – Bandon, OR 97411 Phone 541-347-4411 – Fax 541-347-3974

December 1, 2022

Office of the Secretary of State  
Audits Division  
255 Capitol St. NE, Suite #500  
Salem, OR 97310

### **Plan of Action for Bandon School District No. 54**

Bandon School District No. 54 respectfully submits the following corrective action plan in response to deficiencies reported in our audit of the fiscal year ended June 30, 2022. The audit was completed by the independent auditing firm HMW CPAs & Associates, LLC, North Bend, Oregon. The deficiencies are discussed below with the Action Plan listed.

**#2022-001 Material Weakness:** Auditor noted material errors due to a year-end adjustment being recorded backwards and two other required adjustments not being recorded at all.

**Recommendation:** Auditor proposed entries to correct the errors. The Auditor recommends the Business Manager carefully review all year-end entries made to ensure the results are the intended result and to create a year-end checklist to assist in making sure all accounts are reviewed for necessary adjustments.

**Action Taken:** Effective with the June 30, 2023 year-end, the Business Manager will create a FY end checklist & review all year-end adjustments after they have been entered and posted and look closely, using the checklist she will create to find any discrepancies. The Business Manager will also continue with her schooling at the New Business Manager's Institute for continued education in school finance.

**#2022-002 Significant Deficiency:** There is inadequate segregation of duties within the business office.

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

**Action Taken:** This is a finding that the Bandon School District has received in their audit finding since 2017. We continue to strive to better our segregation of financial duties for accountability, but with such a small school district, the cost of fulfilling all the segregation requirements outweighs the benefit of having this finding on our annual audit report removed. With that said, we will take the following actions and state some things that are currently being done. The Superintendent and Business Manager will continue to look for ways to improve our segregation of financial duties. Effective October 2022 we have already implemented another step in accountability, which is our grant management monthly report that is reviewed and approved by the Grant Manager once reviewed by the Business Manager. Our bank statements are currently reconciled by the Business Manager and then reviewed and approved by both the Executive Secretary and the Superintendent. For every check written, we have both the Superintendent and the A/P secretary sign and the Business Manager approves those vouchers. For accountability in budget expenditures, each building Principal & Secretary, as well as each Dpt. Supervisor receives a budget statement monthly for review. This allows for accountability of the Business Manager and any errors spotted are brought to the attention of the Business Manager for review and correction if warranted.

Signed by Superintendent: \_\_\_\_\_

Signed by Board Member(s): \_\_\_\_\_

**COOS COUNTY SCHOOL DISTRICT NO. 54  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2022**

**Findings:**

**# 2021-003 – CFDA 84.425D Education Stabilization Fund  
United States Department of Education  
Passed through the Oregon Department of Education  
Activities Allowed and Allowable Costs/Cost Principles  
Level of finding – Material weakness in internal controls over compliance**

**Corrective action was successfully implemented**

SUPPLEMENTAL INFORMATION, 2021-2022

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	\$ 138,944
Function 2550	\$ 1,566

B. Replacement of Equipment - General Fund:

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

Exclude these functions:

Exclude these functions:

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

4150 Construction  
 2550 Pupil Transportation  
 3100 Food Service  
 3300 Community Services



**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	\$4,147,349		\$373,908				
1120 Local Option Ad Valorem Taxes Levied by District	\$225,825		\$6,794				
1130 Construction Excise Tax	\$36,927						
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$38,742		\$275				
1600 Food Service		\$5,392					
1700 Extracurricular Activities	\$23,815	\$139,219					
1800 Community Services Activities							
1910 Rentals	\$19,900	\$3,250					
1920 Contributions and Donations From Private Sources	\$60,692	\$149,281					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$315						
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$69,469						
1990 Miscellaneous	\$46,230	\$7,216					
<b>Total Revenue from Local Sources</b>	<b>\$4,669,264</b>	<b>\$304,357</b>	<b>\$380,977</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	\$11,640						
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	\$9,722						
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$21,362</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	\$3,045,557						
3102 State School Fund - School Lunch Match		\$3,255					
3103 Common School Fund	\$56,799						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education	\$2,955						
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$35,332	\$991,608		\$2,578,556			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$3,140,643</b>	<b>\$994,863</b>	<b>\$0</b>	<b>\$2,578,556</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							
4200 Unrestricted Revenue From the Federal Government Through the State							
4201 Transportation Fees for Foster Children							
4202 Medicaid Reimbursement for Eligible K-12 Expenses (Ages 5-21)	\$1,893						
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$2,331,832					
4501 Medicaid Reimbursement for Eligible Early Intervention (EI) Services (Ages Birth to 3)	\$2,033						
4502 Medicaid Reimbursement for Eligible Early Childhood Special Education (ECSE) Services (Ages 3-5)							
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$3,491						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$19,116					
<b>Total Revenue from Federal Sources</b>	<b>\$7,417</b>	<b>\$2,350,948</b>	<b>\$0</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							
5200 Interfund Transfers		\$14,672					
5300 Sale of or Compensation for Loss of Fixed Assets	\$0						
5400 Resources - Beginning Fund Balance	\$4,299,601	\$492,742	\$45,720	\$2,979,339			
<b>Total Revenue from Other Sources</b>	<b>\$4,299,601</b>	<b>\$507,414</b>	<b>\$45,720</b>	<b>\$2,979,339</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$12,138,287</b>	<b>\$4,157,582</b>	<b>\$426,697</b>	<b>\$5,557,896</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

**Fund: 100 General Fund**

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$1,155,042	\$688,763	\$416,146	\$9,889	\$37,256		\$2,987	
1113	Elementary Extracurricular	\$1,167	\$744	\$423					
1121	Middle/Junior High Programs	\$316,842	\$175,977	\$122,914	\$3,150	\$12,106		\$2,694	
1122	Middle/Junior High School Extracurricular	\$39,913	\$27,925	\$7,695	\$3,000	\$757		\$536	
1131	High School Programs	\$1,288,472	\$756,392	\$491,828	\$8,559	\$29,173		\$2,521	
1132	High School Extracurricular	\$190,325	\$87,223	\$25,276	\$49,425	\$15,345		\$13,056	
1140	Pre-Kindergarten Programs	\$0	\$0						
1210	Programs for the Talented and Gifted	\$9,188	\$4,324	\$2,933	\$481	\$1,451			
1220	Restrictive Programs for Students with Disabilities	\$0							
1250	Less Restrictive Programs for Students with Disabilities	\$825,601	\$432,418	\$304,280	\$82,758	\$5,897		\$249	
1260	Treatment and Habilitation	\$0							
1271	Remediation	\$0							
1272	Title I	\$1,237	\$941	\$297					
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$0							
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$54,609	\$3,758	\$2,138	\$4,200	\$42,982	\$1,530		
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>		<b>\$3,882,396</b>	<b>\$2,178,466</b>	<b>\$1,373,929</b>	<b>\$161,462</b>	<b>\$144,967</b>	<b>\$1,530</b>	<b>\$22,043</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							
2120	Guidance Services	\$1,188		\$-8	\$296	\$900			
2130	Health Services	\$0							
2140	Psychological Services	\$0							
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$0							
2210	Improvement of Instruction Services	\$0							
2220	Educational Media Services	\$99,103	\$49,857	\$39,618		\$6,688		\$2,940	
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$0							
2310	Board of Education Services	\$39,962			\$38,466	\$40		\$1,456	
2320	Executive Administration Services	\$331,304	\$182,960	\$109,956	\$12,709	\$12,726		\$12,953	
2410	Office of the Principal Services	\$805,380	\$461,449	\$325,505	\$11,448	\$4,395		\$2,584	
2490	Other Support Services - School Administration	\$0							
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$157,489	\$74,464	\$57,879	\$9,850	\$12,568		\$2,727	
2540	Operation and Maintenance of Plant Services	\$1,148,272	\$329,064	\$273,478	\$370,574	\$71,017		\$104,138	
2550	Student Transportation Services	\$559,281	\$256,880	\$141,787	\$139,543	\$3,980		\$17,091	
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Se	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$295						\$295	
2660	Technology Services	\$190,582	\$75,000	\$53,993	\$29,564	\$26,244	\$5,781		
2670	Records Management Services	\$0							
2680	Interpretation and Translation Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$-6,363		\$-6,363					
<b>Total Support Services Expenditures</b>		<b>\$3,326,492</b>	<b>\$1,429,673</b>	<b>\$995,845</b>	<b>\$612,451</b>	<b>\$138,558</b>	<b>\$5,781</b>	<b>\$144,184</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	\$0							
3200	Other Enterprise Services	\$0							
3300	Community Services	\$0							
3500	Custody and Care of Children Services	\$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>
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							
4120	Site Acquisition and Development Services	\$0							
4150	Building Acquisition, Construction, and Improvement Services	\$0							
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$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	\$10,278						\$10,278	
5200	Transfers of Funds	\$14,672							\$14,672
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>		<b>\$24,949</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,278</b>	<b>\$14,672</b>
<b>Grand Total</b>		<b>\$7,233,838</b>	<b>\$3,608,139</b>	<b>\$2,369,774</b>	<b>\$773,913</b>	<b>\$283,525</b>	<b>\$7,311</b>	<b>\$176,505</b>	<b>\$14,672</b>

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

**Fund: 200 Special Revenue Funds**

<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	\$792,324	\$394,636	\$279,613		\$118,075			
1113	Elementary Extracurricular	\$22,962			\$145	\$22,817			
1121	Middle/Junior High Programs	\$302,395	\$174,826	\$112,156	\$257	\$15,156			
1122	Middle/Junior High School Extracurricular	\$30,596			\$2,653	\$23,036	\$4,907		
1131	High School Programs	\$225,727	\$88,362	\$60,459		\$52,142	\$24,764		
1132	High School Extracurricular	\$176,654	\$3,717	\$1,337	\$31,002	\$140,418		\$179	
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$0							
1220	Restrictive Programs for Students with Disabilities	\$0							
1250	Less Restrictive Programs for Students with Disabilities	\$221,276	\$37,630	\$14,343	\$167,487			\$1,816	
1260	Treatment and Habilitation	\$0							
1271	Remediation	\$101,029	\$60,335	\$27,527		\$12,601	\$0	\$565	
1272	Title I	\$206,736	\$123,874	\$75,701				\$7,162	
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$0							
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$235,651	\$19,268	\$9,887	\$31,091	\$117,395		\$58,011	
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$74,959	\$16,106	\$7,545	\$6,146	\$43,441		\$1,721	
<b>Total Instruction Expenditures</b>		<b>\$2,390,310</b>	<b>\$918,755</b>	<b>\$588,567</b>	<b>\$238,782</b>	<b>\$545,081</b>	<b>\$29,671</b>	<b>\$69,454</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	\$0							
2120	Guidance Services	\$128,138	\$33,540	\$29,976	\$64,622				
2130	Health Services	\$5,000			\$5,000				
2140	Psychological Services	\$0							
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$0							
2210	Improvement of Instruction Services	\$4,433				\$4,433			
2220	Educational Media Services	\$161	\$116	\$44					
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$0							
2310	Board of Education Services	\$0							
2320	Executive Administration Services	\$18,187				\$18,187			
2410	Office of the Principal Services	\$59,173	\$39,734	\$14,345	\$5,094				
2490	Other Support Services - School Administration	\$0							
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$74,266	\$39,987	\$19,519		\$14,759			
2540	Operation and Maintenance of Plant Services	\$356,601			\$356,601				
2550	Student Transportation Services	\$5,923	\$944	\$1,803	\$3,176				
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$5,000			\$5,000				
2660	Technology Services	\$37,643	\$14,320	\$8,577		\$14,746			
2670	Records Management Services	\$0							
2680	Interpretation and Translation Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>		<b>\$694,525</b>	<b>\$128,641</b>	<b>\$74,265</b>	<b>\$439,494</b>	<b>\$52,125</b>	<b>\$0</b>	<b>\$0</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	\$388,217	\$144,615	\$84,154	\$1,029	\$157,803		\$616	
3200	Other Enterprise Services	\$0							
3300	Community Services	\$7,550			\$7,550				
3500	Custody and Care of Children Services	\$19,514	\$13,662	\$5,164				\$688	
<b>Total Enterprise and Community Services Expenditures</b>		<b>\$415,280</b>	<b>\$158,277</b>	<b>\$89,318</b>	<b>\$8,579</b>	<b>\$157,803</b>	<b>\$0</b>	<b>\$1,303</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							
4120	Site Acquisition and Development Services	\$0							
4150	Building Acquisition, Construction, and Improvement Services	\$0							
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$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	\$53,345						\$53,345	
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>		<b>\$53,345</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,345</b>	<b>\$0</b>
<b>Grand Total</b>		<b>\$3,553,480</b>	<b>\$1,205,673</b>	<b>\$752,150</b>	<b>\$686,856</b>	<b>\$755,009</b>	<b>\$29,671</b>	<b>\$124,102</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							
1113	Elementary Extracurricular	\$0							
1121	Middle/Junior High Programs	\$0							
1122	Middle/Junior High School Extracurricular	\$0							
1131	High School Programs	\$0							
1132	High School Extracurricular	\$0							
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$0							
1220	Restrictive Programs for Students with Disabilities	\$0							
1250	Less Restrictive Programs for Students with Disabilities	\$0							
1260	Treatment and Habilitation	\$0							
1271	Remediation	\$0							
1272	Title I	\$0							
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$0							
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$0							
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
Total Instruction Expenditures		\$0		\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals		Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$0							
2120	Guidance Services	\$0							
2130	Health Services	\$0							
2140	Psychological Services	\$0							
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$0							
2210	Improvement of Instruction Services	\$0							
2220	Educational Media Services	\$0							
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$0							
2310	Board of Education Services	\$0							
2320	Executive Administration Services	\$0							
2410	Office of the Principal Services	\$0							
2490	Other Support Services - School Administration	\$0							
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$0							
2540	Operation and Maintenance of Plant Services	\$0							
2550	Student Transportation Services	\$0							
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$0							
2660	Technology Services	\$0							
2670	Records Management Services	\$0							
2680	Interpretation and Translation Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$0							
Total Support Services Expenditures		\$0		\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures		Totals		Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$0							
3200	Other Enterprise Services	\$0							
3300	Community Services	\$0							
3500	Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures		\$0		\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals		Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0							
4120	Site Acquisition and Development Services	\$0							
4150	Building Acquisition, Construction, and Improvement Services	\$0							
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures		\$0		\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals		Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$377,311						\$377,311	
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures		\$377,311		\$0	\$0	\$0	\$0	\$377,311	\$0
Grand Total		\$377,311		\$0	\$0	\$0	\$0	\$377,311	\$0

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

**Fund: 400 Capital Projects Funds**

<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	\$0							
1113	Elementary Extracurricular	\$0							
1121	Middle/Junior High Programs	\$0							
1122	Middle/Junior High School Extracurricular	\$0							
1131	High School Programs	\$0							
1132	High School Extracurricular	\$0							
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$0							
1220	Restrictive Programs for Students with Disabilities	\$0							
1250	Less Restrictive Programs for Students with Disabilities	\$0							
1260	Treatment and Habilitation	\$0							
1271	Remediation	\$0							
1272	Title I	\$0							
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$0							
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$0							
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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	\$0							
2120	Guidance Services	\$0							
2130	Health Services	\$0							
2140	Psychological Services	\$0							
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$0							
2210	Improvement of Instruction Services	\$0							
2220	Educational Media Services	\$0							
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$0							
2310	Board of Education Services	\$0							
2320	Executive Administration Services	\$0							
2410	Office of the Principal Services	\$0							
2490	Other Support Services - School Administration	\$0							
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$0							
2540	Operation and Maintenance of Plant Services	\$43,000			\$43,000				
2550	Student Transportation Services	\$0							
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical S	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$0							
2660	Technology Services	\$0							
2670	Records Management Services	\$0							
2680	Interpretation and Translation Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>		\$43,000	\$0	\$0	\$43,000	\$0	\$0	\$0	\$0
<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							
3200	Other Enterprise Services	\$0							
3300	Community Services	\$0							
3500	Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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							
4120	Site Acquisition and Development Services	\$0							
4150	Building Acquisition, Construction, and Improvement Services	\$3,705,010			\$3,316,642	\$64,483	\$323,886		
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>		\$3,705,010	\$0	\$0	\$3,316,642	\$64,483	\$323,886	\$0	\$0
<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	\$0							
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Grand Total</b>		\$3,748,010	\$0	\$0	\$3,359,642	\$64,483	\$323,886	\$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 15, 2022

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, 2022, 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 15, 2022.

**Report on 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) as a basis for designing 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, identified 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 deficiency described in the accompanying schedule of findings and questioned costs as item No. 2022-001 to be a material weakness.

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 item No. 2022-002 to be a significant deficiency.

## **Report on 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 financial statements. 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*.

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

## **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.



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HMW CPAs & Associates, LLC  
Certified Public Accountants





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

December 15, 2022

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

We have audited, 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, 2022, 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 15, 2022.

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 from 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.

Except as described below, nothing in connection with our testing 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:

General Fund	
Debt Service	<u>\$ (2,314)</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, the 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 by anyone other than these specified parties.

  
HMW CPAs & Associates, 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 15, 2022

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

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

**Opinion on 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, 2022. 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.

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 for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

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)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Coos County School District No. 54 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Coos County School District No. 54's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Coos County School District No. 54's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coos County School District No. 54's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Coos County School District No. 54's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Coos County School District No. 54's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Coos County School District No. 54's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance, that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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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HMW CPAs & Associates, LLC  
Certified Public Accountants

**COOS COUNTY SCHOOL DISTRICT NO. 54**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2022**

**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:	<u>      </u> Qualified	<u>  X  </u> Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	<u>      </u> Yes	<u>  X  </u> No

**Identification of Major Programs:**

Education Stabilization Fund Cluster	AL#	84.425
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

### FINDINGS:

#### **No. 2022-001 – Material weakness in internal controls over end of year adjustments.**

*Condition* – Material errors were discovered related to year-end adjustments.

*Effect* – Recording year-end adjusting entries incorrectly, or not at all, causes the financial statements to be misstated.

*Cause* – While the Business Manager is getting a better handle on the intricacies of accounting, there is no secondary review of her work and there does not yet appear to be a checklist of the numerous items that need to be adjusted at year-end.

*Perspective* – A grant advance of \$25,297 was not used during the year and should have been recorded as a grant advance, not as grant income. Grant expenses from 2021-22 of \$40,226 that were reimbursed to the District in the 2022-23 year were not properly recorded in the 2021-22 year. Donated commodities of \$19,116 that were received during the year were reported as a reduction of revenue and also as a reduction of expenses, causing the financial statements to be misstated by \$38,232.

*Criteria* – Generally accepted accounting principles (GAAP) require account balances to be correctly stated, for receivables to be booked and for grant advances to be reported as income in the period in which the expense occurs.

*Recommendation* – Auditor proposed entries to record the adjustments. The Business Manager should continue to receive financial accounting training and should create a checklist that includes potential year-end adjustments to be made.

*Management's Response* – Management agrees with the finding. See the Corrective Action Plan on page 43.

#### **No. 2021-002 – Significant deficiency in segregation of duties among accounting staff.**

*Criteria* – The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction. There needs to be a control activity to provide reasonable assurance that transactions are handled appropriately. For example, the task of receipting in payments, making bank deposits, transferring money between banks, entering bills and reconciling bank balances would be handled by two or three individual staff and reviewed by another. Similarly, monthly and year-end adjusting entries would be prepared by one person and reviewed by another.

*Condition* – Key duties and functions were not sufficiently segregated among Business Office personnel. There was no review of the work performed by the Business Manager.

*Effect* – Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

*Cause* – The District has limited accounting staff available and during the year under audit existing staff did not have sufficient experience in accounting to detect and prevent material errors.

*Identification of a repeat finding* – This has been a repeat audit finding for several years.

*Recommendation* – Separate duties as much as possible and consider training and utilizing non-financial personnel to provide additional internal controls where ever 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 to help reduce errors.

*Management's response* – Management agrees with the finding. See the Corrective Action Plan on page 43.

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

**None**