



**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**SUTHERLIN, OREGON**

**JUNE 30, 2018**  
**ANNUAL FINANCIAL REPORT**

**UMPQUA VALLEY FINANCIAL, LLC**

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

531 East Central Avenue  
Sutherlin, Oregon 97479  
(541) 459-2228

---

## **DISTRICT OFFICIALS**

JUSTIN PETERMAN . . . . . Board Chair  
528 Opal St., Sutherlin, OR 97479

JACOB MASTERFIELD . . . . . Director  
1807 Montclair Dr., Sutherlin, OR 97479

TRIXY MOSER . . . . . Director  
350 Arch Ave., Sutherlin, OR 97479

MICHAEL BOEHM . . . . . Director  
307 Cambridge Dr., Sutherlin, OR 97479

JR GUTHRIE . . . . . Director  
1736 E. Fourth Ave., Sutherlin, OR 97479

## **ADMINISTRATION**

TERRY PRESTIANNI . . . . . Superintendent  
531 East Central Avenue, Sutherlin, OR 97479

DELLA MOCK . . . . . Business Manager  
531 East Central Avenue, Sutherlin, OR 97479

**SUTHERLIN SCHOOL DISTRICT NO. 130**

**AUDIT REPORT**

**JUNE 30, 2018**

---

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b> . . . . .	1a – 1c
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> . . . . .	2 - 10
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b><u>Government-wide Financial Statements:</u></b>	
Statement of Net Position . . . . .	11
Statement of Activities . . . . .	12
<b><u>Fund Financial Statements:</u></b>	
Balance Sheet - Governmental Funds . . . . .	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position . . . . .	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds . . . . .	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities . . . . .	16
<b><u>Notes to the Financial Statements</u></b> . . . . .	17 - 49
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund #100 . . . . .	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Federal and Special Grants Fund #210 . . . . .	51
Schedule of Proportionate Share of the Net Pension Liability . . . . .	52
Schedule of Employer Contributions . . . . .	53
Schedule of Proportionate Share of the Net OPEB (RHIA) Liability . . . . .	54
Schedule of Employer Contributions OPEB (RHIA) . . . . .	55

**SUTHERLIN SCHOOL DISTRICT NO. 130**

**AUDIT REPORT**

**JUNE 30, 2018**

---

**TABLE OF CONTENTS (Continued)**

	<b><u>PAGE</u></b>
<b>OTHER SUPPLEMENTARY INFORMATION:</b>	
<b><u>Non-Major Governmental Funds:</u></b>	
Combining Balance Sheet - All Non-Major Governmental Funds - By Fund Type . . . . .	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Governmental Funds - by Fund Type . . . . .	57
<b><u>Non-Major Special Revenue Funds:</u></b>	
Combining Balance Sheet . . . . .	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Capital Equipment Fund #220 . . . . .	60
Technology Fund #230 . . . . .	61
Transportation Fund #240 . . . . .	62
Food Service Fund #250 . . . . .	63
Student Body Fund #260 . . . . .	64
<b><u>Debt Service Funds:</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Debt Service Fund #300 (A Major Fund) . . . . .	65
<b><u>Capital Projects Funds:</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Capital Improvement Fund #410 (A Non-Major Fund) . . . . .	66
<b><u>Additional Supporting Schedules:</u></b>	
Schedule of Long-Term Debt Transactions & Future Requirements. . . . .	67 - 71
<b>ACCOMPANYING INFORMATION:</b>	
Independent Auditor’s Report Required by Oregon State Regulations . . . . .	72

**SUTHERLIN SCHOOL DISTRICT NO. 130**

**AUDIT REPORT**

**JUNE 30, 2018**

---

**TABLE OF CONTENTS (Continued):**

	<b><u>PAGE</u></b>
<b>SINGLE AUDIT SECTION:</b>	
Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . .	73
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance . . . . .	74 - 75
Schedule of Expenditures of Federal Awards . . . . .	76
Notes to the Schedule of Expenditures of Federal Awards . . . . .	77
Schedule of Findings and Questioned Costs . . . . .	78
<b>FORM 581-3211-C . . . . .</b>	<b>79</b>



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Sutherlin School District No. 130  
531 East Central Avenue  
Sutherlin, Oregon 97479

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sutherlin School District No. 130 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sutherlin School District No. 130 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-10, the schedules of revenues, expenditures and changes in fund balances – budget and actuals on pages 50-51, and pension schedules on pages 52-55 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.

I have applied certain limited procedures to the management's discussion and analysis and pension schedules in accordance with the auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues, expenditures and changes in fund balances – budget and actuals described above on pages 50-51 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 schedules of revenues, expenditures and changes in fund balances – budget and actuals have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedules of revenues, expenditures and changes in fund balances – budget and actuals are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sutherlin School District No. 130's basic financial statements. The other supplementary information on pages 56-71 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Sutherlin School District No. 130. The schedule of expenditures of federal awards on page 77 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

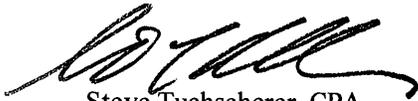
The other supplementary information on pages 56-71 and the schedule of expenditures of federal awards on page 77 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 my opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued our report dated December 14, 2018, on our consideration of the Sutherlin School District No. 130's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sutherlin School District No. 130's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 14, 2018, on our consideration of the Sutherlin School District No. 130's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the District's compliance.



Steve Tuchscherer, CPA  
December 14, 2018

**MANAGEMENT'S DISCUSSION**  
**AND ANALYSIS**

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

---

The discussion and analysis of Sutherlin School District's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2018 are as follows:

- Pension and OPEB asset and liability accounts are based on estimates from Oregon PERS that will fluctuate significantly from year to year, which impact several of the following highlights. See the pension and OPEB Notes for additional information.
- The District's net position increased by \$539,448 which represents a 12% increase from the previous year.
- General revenues accounted for \$13,634,452 in revenue, or 86.5% of all revenues. Program specific revenues in the form of charges for services, and grants and donations accounted for \$2,133,726 or 13.5% of total revenues of \$15,768,178.
- The District had \$15,227,730 in expenses related to governmental activities; which was less than total revenues, resulting in an increase in total net position of \$539,448 .
- Total assets of governmental activities increased by \$346,573 , primarily due to an increase in cash and investments and capital assets from the prior year.
- Total long-term liabilities increased by \$589,071 during the year primarily due to an increase in the net pension liability.
- Among the governmental funds, the general fund had \$13,191,323 in revenues, which primarily consisted of state school support funds and property taxes. General Fund expenditures totaled \$12,615,303 not including \$196,500 in budgeted interfund transfers out. The General Fund's fund balance increased \$379,520 from \$1,880,079 to \$2,259,599 .

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

*Government-wide Financial Statements*

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of school buildings and other facilities and changes in the district's enrollment, which dictates the majority of revenue to be collected through the State Funding Formula.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

---

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by intergovernmental revenues, principally state basic school support and property tax revenues. The governmental activities of the District include instruction, instructional support services, operation and maintenance of plant, student transportation, and non-instructional support services.

*Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

At this time the District has only one kind of fund:

*Governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, these statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year. They are useful in evaluating whether the annual financing requirements of governmental programs such as regular and special education were financed in the short term and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to government-wide statements to assist in understanding the differences between these two perspectives.

*Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information budgetary comparison statements for the General Fund, the Federal and Special Grants Fund, and schedules related to pension and OPEB liabilities. The required supplementary information immediately follows the notes to the financial statements. Other supplementary information includes combining statements, individual fund schedules, and other schedules. These statements and schedules immediately follow the required supplementary information in this report.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

**Financial Analysis of the School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$ 5,027,486 . This is a \$539,448 increase from last year's net position and represents a 12% increase from the previous year.

The following table provides a summary of the District's net position. Comparative information from the previous year is provided.

**Summary of Net Position**

	Governmental Activities		Percentage Change
	June 30, 2018	June 30, 2017	
<b>Assets</b>			
Current and Other Assets	\$ 10,762,487	\$ 10,612,825	1.4%
Capital Assets	6,264,500	6,067,589	3.2%
Total Assets	17,026,987	16,680,414	2.1%
<b>Deferred Outflow of Resources</b>	4,376,350	4,051,382	8.0%
<b>Liabilities</b>			
Long-Term Liabilities	15,279,265	14,690,194	4.0%
Other Liabilities	465,608	1,230,546	-62.2%
Total Liabilities	15,744,873	15,920,740	-1.1%
<b>Deferred Inflow of Resources</b>	630,979	323,017	95.3%
<b>Net Position</b>			
Net Investment in Capital Assets	4,810,664	4,082,461	17.8%
Restricted	-	36,634	-100.0%
Unrestricted	216,822	368,944	41.2%
Total Net Position - Restated for Prior Year	\$ 5,027,486	\$ 4,488,039	12.0%

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

The following table shows the changes in net position. Prior-year information is provided for comparative analysis of government-wide revenue and expense information.

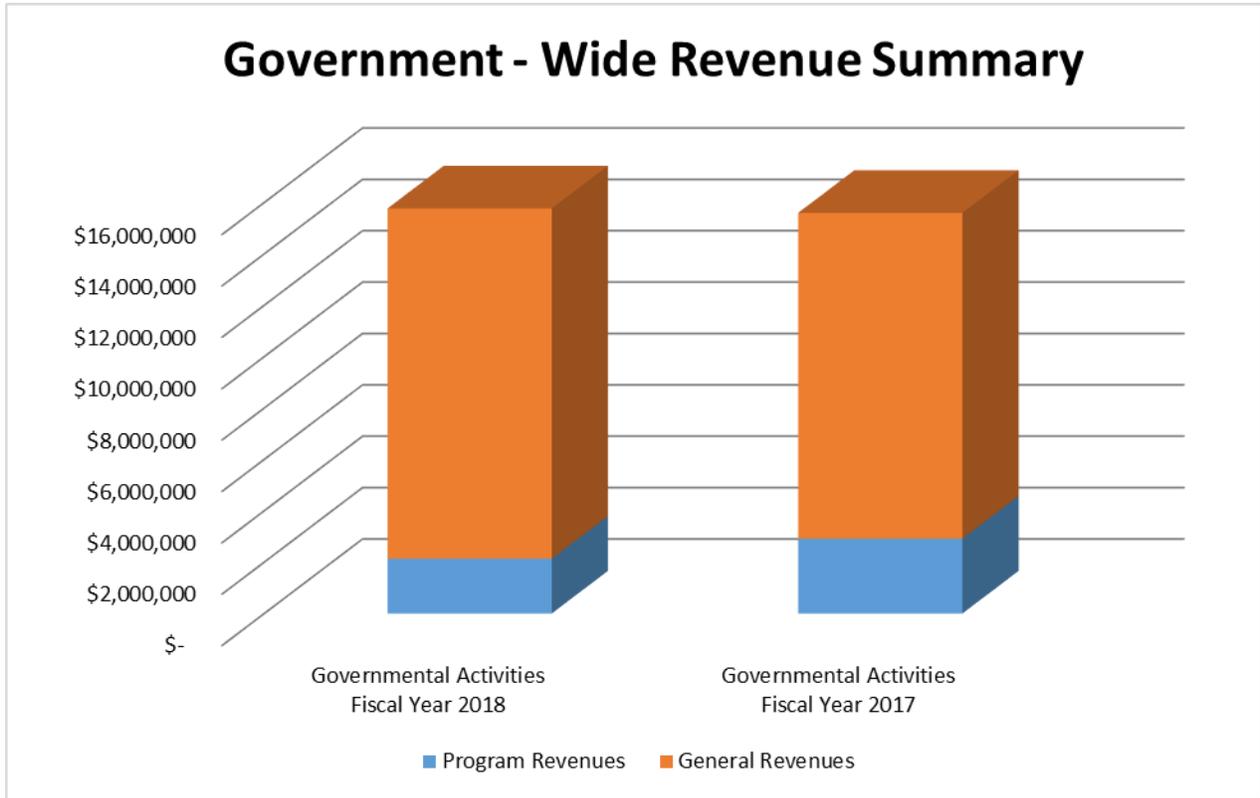
	<b>Changes in Net Position</b>		
	Governmental Activities		Percentage Change
	2017-18	2016-17	
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 389,307	\$ 419,246	-7.1%
Operating Grants and Contributions	1,744,419	1,631,633	6.9%
Capital Grants and Contributions	-	864,175	
General Revenues			
Property Taxes	3,139,424	3,058,228	2.7%
State Basic School Support	9,905,777	9,178,388	7.9%
Federal Forest Fees	150,624	24,578	512.8%
Other	438,627	420,683	4.3%
Total Revenues	<u>15,768,178</u>	<u>15,596,931</u>	1.1%
<b>Program Expenses</b>			
Instruction	8,985,224	8,170,419	10.0%
Support Services	4,886,919	4,256,189	14.8%
Community Services	600,669	547,617	9.7%
Interest on Long-Term Debt	754,919	728,795	3.6%
Total Program Expenses	<u>15,227,730</u>	<u>13,703,020</u>	11.1%
Special Items	<u>(1,000)</u>	<u>-</u>	
<b>Change in Net Position</b>	<u>\$ 539,448</u>	<u>\$ 1,893,911</u>	

The largest governmental activities program is instruction, which comprises 59% of expenses. Interest expense was 5% of expenses.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

---

The following chart analyzes the revenue between governmental activities from prior to current year.



**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions. Prior-year information is provided for comparative analysis.

**Governmental Activities**

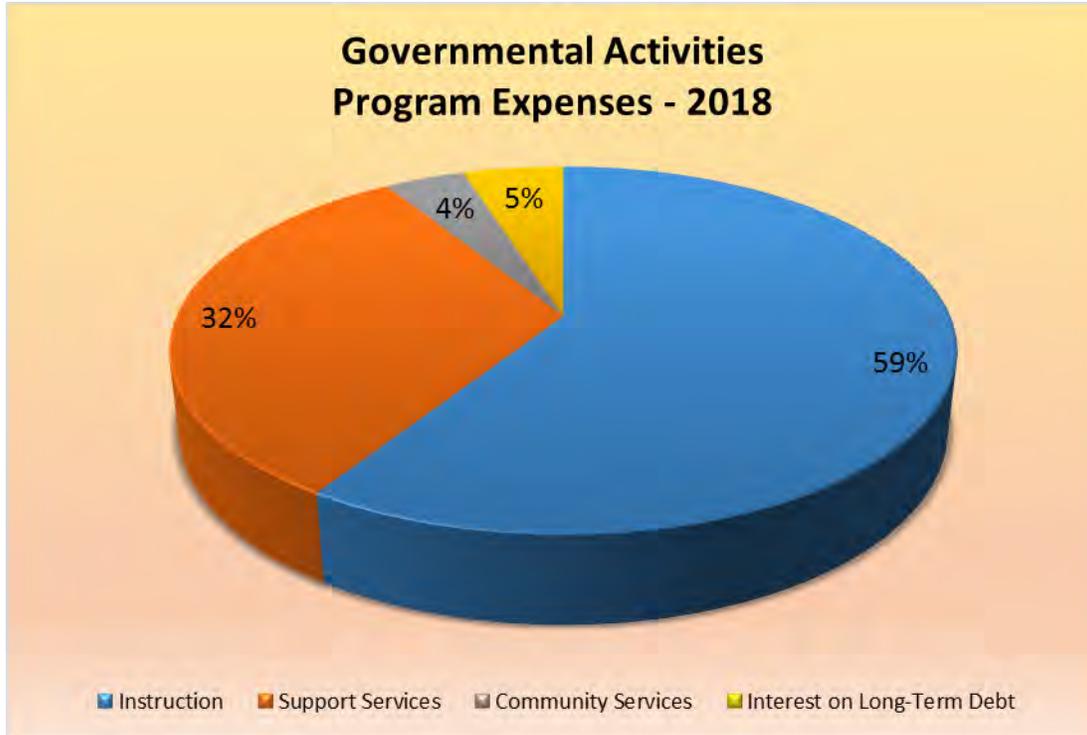
	<u>2017-18</u>		<u>2016-17</u>	
	<u>Total Cost of Services</u>	<u>Net Cost (Profit) of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost (Profit) of Services</u>
Instruction	\$ 8,985,224	\$ 7,829,650	\$ 8,170,419	\$ 7,052,902
Support Services	4,886,919	4,440,248	4,256,189	3,056,982
Community Services	600,669	69,188	547,617	(50,713)
Interest on Long-Term Debt	754,919	754,919	728,795	728,795
Total Program Expenses	<u>\$ 15,227,730</u>	<u>\$ 13,094,004</u>	<u>\$ 13,703,020</u>	<u>\$ 10,787,966</u>

The dependence on property tax and state basic support revenues is apparent. Over 87% of instruction activities are supported through property tax and state basic support. For all governmental activities, general revenue support was 86%. Unrestricted state basic school support payments and property taxes are by far the primary support of Sutherlin School District No. 130 students.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

---

This graph represents the cost of the District's program expenses by governmental activities.



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

#### *Governmental Funds*

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,255,584, an increase of \$512,587. The fund balance can consist of unspendable, restricted, committed, assigned and unassigned amounts. Of the current fund balances, \$16,156 is unspendable, \$183,535 is restricted, \$2,796,294 is committed and \$2,259,599 is unassigned and available for spending at the District's discretion.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$379,520, or a 20.2% increase from the beginning fund balance.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

---

**Budgetary Highlights**

Over the course of the year, the District made only minor changes to its various funds' budgets.

General Fund revenues were budgeted and anticipated to be collected in the amount of \$12,531,806 during the fiscal year. Actual revenues of \$13,191,323 were more than budgeted revenues by \$659,517. The General Fund actual expenditures were under budget by \$625,109. The actual ending fund balance exceeded the budgeted ending fund balance by \$1,484,576.

The Federal and Special Grant Fund balance decreased by \$22,912. Actual revenues were more than budgeted revenues by \$53,381, and actual expenditures were \$76,293 over budgeted expenditures.

The Debt Service fund balance increased \$661,514. Actual revenues were more than budgeted revenues by \$620,606, while actual expenditures were about the same as budgeted expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2018, the District had invested \$15,377,520 in capital assets, including school buildings, athletic facilities, land, vehicles, computers and other equipment and furnishings. This amount represents a net increase prior to depreciation of \$662,657 from last year due to additions to land improvements, buildings and improvements, vehicles and equipment of \$738,309 and deletions of \$75,652.

Total depreciation expense for the year was \$540,398. Additional information on the District's capital assets can be found in Note 4 in the notes to the basic financial statements section of this report.

**Long-Term Debt**

At June 30, 2018 the District had total bonded debt outstanding of \$8,829,898. The other major components are \$7,376,062 of pension bonds supported by withholdings from the state school support funds, and Qualified Zone Academy Bonds (QZAB) net payable of \$1,453,836. The withholdings for the pension bond payment are invested for the District until the bond payment is due. QZAB debt is a zero-interest issuance, subsidized by the federal government, and is repaid by depositing required sinking fund payments into an interest-bearing reserve account.

The District had no capital leases. Payments for all long-term debt are made from the debt service fund.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

---

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

The General Fund is the chief operating fund of Sutherlin School District. The National and State economies continue to be recovering slightly. As with years past, current funding for public education is unstable and difficult to predict, even as our state revenues have shown significant increases. The District's state funding is expected to decrease for FY 2018-19 by about \$420,000. This decrease can be attributed to a decrease in enrollment and a decrease in the number of students in poverty. For 2018-19, the budgeted beginning fund balance is \$1,861,832, an increase of \$181,703 from the 2017-18 budget.

The District's budgeted spending for the 2018-19 fiscal year has taken into consideration volatile state support, economic growth, PERS cost increases, and other internal factors. The General Fund's proposed expenditures increased by 1.5 percent to \$14,418,942 for the fiscal year 2018-19.

The District continues to review the status of the various issues impacting our funding and continues to make expenditures conservatively in order to maintain reserves that will minimize fluctuations in program funding and availability.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Business Office, Sutherlin School District No. 130, 531 East Central, Sutherlin, Oregon 97479.

**BASIC FINANCIAL**  
**STATEMENTS**

**Government-Wide**  
**Financial Statements**

# SUTHERLIN SCHOOL DISTRICT NO. 130

## STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>	
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 5,088,794	
Property Taxes Receivable	314,885	
Accounts Receivable	534,751	
Inventory-Food, Supplies & Commodities	16,156	
Total Current Assets		\$ 5,954,586
Noncurrent Assets:		
Net OPEB Asset (RHIA)	29,084	
		29,084
Capital Assets:		
Land	331,513	
Land Improvement	1,959,290	
Building and Building Improvement	10,430,947	
Machinery and Equipment	2,655,770	
Less: Accumulated Depreciation	(9,113,020)	
Total Capital Assets, Net of Depreciation		6,264,500
Other Assets:		
Prepaid Expense - Pension Obligation	10,752,342	
Less: Accumulated Amortization	(5,973,525)	
Total Other Assets, Net of Amortization		4,778,817
<b>Total Assets</b>		<b>17,026,987</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Pension Related Deferrals	4,339,801	
OPEB Related Deferrals - RHIA	34,239	
OPEB Related Deferrals - OEBC	2,310	
<b>Total Deferred Outflow of Resources</b>		<b>4,376,350</b>
<b><u>LIABILITIES:</u></b>		
Accounts Payable	43,403	
Accrued Interest Payable	9,613	
Payroll Liabilities	370,739	
Refundable Deposits	14,558	
Accrued Vacation Benefits	27,295	
Bonds Payable		
Due within one year	373,162	
Due in more than one year	8,456,736	
Net OPEB Obligation - OEBC	221,027	
Net Pension Liability	6,228,340	
<b>Total Liabilities</b>		<b>15,744,873</b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Pension Related Deferrals	617,150	
OPEB Related Deferrals - RHIA	13,470	
OPEB Related Deferrals - OEBC	359	
<b>Total Deferred Inflow of Resources</b>		<b>630,979</b>
<b><u>NET POSITION:</u></b>		
Net Investment in Capital Assets	\$ 4,810,664	
Unrestricted	216,822	
<b>Total Net Position</b>		<b>\$ 5,027,486</b>

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

# SUTHERLIN SCHOOL DISTRICT NO. 130

## STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

	<u>(Expenses)</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue</u>
		<u>for</u>	<u>Grants and</u>	<u>Grants and</u>	<u>and</u>
		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Change in</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Instruction	\$ 8,985,224	\$ 321,319	\$ 834,255	\$ -	\$ (7,829,650)
Support Services	4,886,919	-	446,671	-	(4,440,248)
Enterprise and Community Services	600,669	67,988	463,493	-	(69,188)
Interest on Long-Term Debt	754,919	-	-	-	(754,919)
<b>Total Governmental Activities</b>	<b>\$ 15,227,730</b>	<b>\$ 389,307</b>	<b>\$ 1,744,419</b>	<b>\$ -</b>	<b>\$ (13,094,004)</b>

### GENERAL REVENUES:

Local Sources:

Property Taxes, Levied for General Purposes	\$ 2,709,137
Property Taxes, Levied for Debt Service	430,287
Earnings on Investments	94,859
Unrestricted State and Local Revenue	74,979
Intermediate Sources	137,753
State School Fund for Education and Support Services	9,905,777
State Common School Fund	131,036
Federal Forest Fees for General Purposes	150,624

Subtotal - General Revenues	13,634,452
-----------------------------	------------

Excess (deficiency) of rev. over exp. before special items	540,448
--	---------

Special Items:

Gain (Loss) on Disposition of Assets	(1,000)
--------------------------------------	---------

Change in Net Position	539,448
------------------------	---------

Net Position, July 1, 2017 - Restated	4,488,038
---------------------------------------	-----------

<b>Net Position, June 30, 2018</b>	<b>\$ 5,027,486</b>
------------------------------------	---------------------

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Fund Financial Statements**

# SUTHERLIN SCHOOL DISTRICT NO. 130

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2018

	<u>General Fund #100</u>	<u>Federal &amp; Special Grants Fund #210</u>	<u>Debt Service Fund #300</u>	<u>Other Governmen- tal Funds</u>	<u>Total Governmen- tal Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,125,202	\$ -	\$2,361,594	\$ 601,998	\$ 5,088,794
Property Taxes Receivable	270,951	-	43,934	-	314,885
Accounts Receivable	89,585	426,721	2,297	16,148	534,751
Due From Other Funds	409,646	-	-	-	409,646
Inventory-Food, Supplies & Commodities	-	-	-	16,156	16,156
<b>Total Assets</b>	<b>\$ 2,895,384</b>	<b>\$ 426,721</b>	<b>\$2,407,825</b>	<b>\$ 634,302</b>	<b>\$ 6,364,232</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 32,500	\$ 8,315	\$ -	\$ 2,588	\$ 43,403
Payroll Liabilities	370,739	-	-	-	370,739
Due to Other Funds	-	409,646	-	-	409,646
Refundable Deposits	-	-	-	14,558	14,558
<b>Total Liabilities</b>	<b>403,239</b>	<b>417,961</b>	<b>-</b>	<b>17,146</b>	<b>838,346</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable Revenue - Property Taxes	232,546	-	37,756	-	270,302
<b>Total Deferred Inflows of Resources</b>	<b>232,546</b>	<b>-</b>	<b>37,756</b>	<b>-</b>	<b>270,302</b>
<b>FUND BALANCES:</b>					
Unspendable	-	-	-	16,156	16,156
Restricted for:					
Equipment Acquisition	-	-	-	10,127	10,127
Special Programs	-	8,760	-	-	8,760
Student Body Activities	-	-	-	164,648	164,648
Committed for:					
Capital Construction & Building Maintenance	-	-	-	236,336	236,336
Debt Service	-	-	2,370,069	-	2,370,069
Equipment Acquisition	-	-	-	32,251	32,251
Food Service Program	-	-	-	82,280	82,280
Special Programs	-	-	-	75,358	75,358
Unassigned	2,259,599	-	-	-	2,259,599
<b>Total Fund Balances</b>	<b>2,259,599</b>	<b>8,760</b>	<b>2,370,069</b>	<b>617,156</b>	<b>5,255,584</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 2,895,384</b>	<b>\$ 426,721</b>	<b>\$2,407,825</b>	<b>\$ 634,302</b>	<b>\$ 6,364,232</b>

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

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

**June 30, 2018**

<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 5,255,584</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Cost of assets	\$ 15,377,520	
Accumulated depreciation	(9,113,020)	
Net Value of Assets		6,264,500
Property taxes receivable that will not be available to pay for current-period expenditures are deferred in the governmental funds.		270,302
Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds.		
Deferred Pension/OPEB Contributions	4,376,350	
Deferred Earnings on Pension/OPEB Assets	(630,979)	
Net Value of Deferrals		3,745,371
Amounts paid to Oregon Public Retirement System to reduce the unfunded pension obligation of the District are not financial resources and therefore are not capitalized as a prepaid expense in the governmental funds.		
Original prepaid amount	10,752,342	
Accumulated amortization	(5,973,525)	
Net Value of Prepaid Expense		4,778,817
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Those liabilities consist of :		
Accrued Interest Payable	9,613	
Bonds Payable	8,829,898	
Net Pension Liability	6,228,340	
Net OPEB Obligations	191,943	
Accrued Vacation Benefits	27,295	
Total Liabilities		(15,287,089)
<b>Net Position of Governmental Activities</b>		<b>\$ 5,027,485</b>

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

# SUTHERLIN SCHOOL DISTRICT NO. 130

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2018

	General Fund #100	Federal & Special Grants Fund #210	Debt Service Fund #300	Other Govern- mental Funds	Total Govern- mental Funds
<b><u>REVENUES:</u></b>					
Local Sources	\$ 2,866,133	\$ 29,739	\$2,172,606	\$ 377,012	\$5,445,490
Intermediate Sources	137,753	-	-	-	137,753
State Sources	10,036,813	432,744	-	18,271	10,487,828
Federal Sources	150,624	721,928	-	541,737	1,414,289
<b>Total Revenues</b>	<b>13,191,323</b>	<b>1,184,411</b>	<b>2,172,606</b>	<b>937,020</b>	<b>17,485,360</b>
<b><u>EXPENDITURES:</u></b>					
Current:					
Instruction	8,148,363	675,368	-	317,734	9,141,465
Support Services	4,466,940	404,475	3,200	64,644	4,939,259
Enterprise and Community Services	-	4,272	-	592,342	596,614
Capital Outlay:					
Instruction	-	45,991	-	-	45,991
Support Services	-	-	-	343,095	343,095
Enterprise and Community Services	-	-	-	31,233	31,233
Facilities Acquisition and Construction	-	77,217	-	252,507	329,724
Debt Service	-	-	1,545,392	-	1,545,392
<b>Total Expenditures</b>	<b>12,615,303</b>	<b>1,207,323</b>	<b>1,548,592</b>	<b>1,601,555</b>	<b>16,972,773</b>
Excess (Deficiency) of Revenues					
Over Expenditures	576,020	(22,912)	624,014	(664,535)	512,587
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Interfund Transfers In	-	-	37,500	159,000	196,500
Interfund Transfers Out	(196,500)	-	-	-	(196,500)
<b>Net Change in Fund Balances</b>	<b>379,520</b>	<b>(22,912)</b>	<b>661,514</b>	<b>(505,535)</b>	<b>512,587</b>
Beginning Fund Balance	1,880,079	31,672	1,708,555	1,122,691	4,742,997
<b>Ending Fund Balance</b>	<b>\$ 2,259,599</b>	<b>\$ 8,760</b>	<b>\$2,370,069</b>	<b>\$ 617,156</b>	<b>\$5,255,584</b>

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

# SUTHERLIN SCHOOL DISTRICT NO. 130

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2018

<b>Net Changes in Fund Balances - Total Governmental Funds</b>		<b>\$ 512,587</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	\$ 738,309	
Less current year depreciation	<u>(540,398)</u>	197,911
Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue.		
Deferred revenues increased by this amount this year.		(16,034)
Gain (Loss) on disposition of capital assets is not reported in the fund financial statements.		
		(1,000)
Prepaid expenses were originally reported in the governmental funds as an expenditure. In the Statement of Activities the amount to be charged each year as an expense over the estimated expense incurred to pay the obligation is amortized, rather than expensed at the time of the prepayment.		
Amount of current year amortization - Pension obligation	<u>(398,235)</u>	(398,235)
Repayment of principal on long term debt and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Retirement of principal is as follows:		
Bonds	<u>791,216</u>	791,216
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity.		
This is the net change in pension related items.		(610,755)
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.		
The activities consist of:		
Net increase/(decrease) in accrued interest expense	(743)	
Increase/(decrease) in accrued OPEB	67,774	
Increase/(decrease) in accrued vacation benefits	<u>(3,274)</u>	
		<u>63,757</u>
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 539,447</b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

---

Sutherlin School District No. 130 was organized under the provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is government by a separately elected five-member Board of Directors who approve the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of Sutherlin School District No. 130 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity

In determining the financial reporting entity, Sutherlin School District No. 130 complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the District appoints a voting majority of the organization's board; 2) the District is able to impose its will on the organization; 3) the organization has the potential to impose a financial benefit or burden on the District; and 4) there is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, Sutherlin School District No. 130 has no component units.

B. Basis of Presentation

*Government-wide 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 overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, state school support payments, grants and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. 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.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

B. Basis of Presentation (Cont.)

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to certain school district functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General Fund expenditures are categorized by "Instruction" which is the direct teaching of students or the interaction between teacher and students. "Support Services" covers all the support activities for students, teachers, and facilities. Major activities in support services are transportation, maintenance of facilities (i.e. heating, phones, electricity, cleaning,) administration, counseling for students, and technology support.

Federal and Special Grants Fund – This fund includes all resources received from federal grants passed through the Oregon Department of Education and other special and local grants.

Debt Service Fund - Accounted for in this fund are 1) local tax levy revenues and the related general obligation bond payments, 2) pension charges to other funds for the accumulation of resources and payment of the PERS bonds, and 3) transfers of funds from the General Fund and related payment of other long-term debts.

C. Measurement Focus/Basis of Accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

C. Measurement Focus/Basis of Accounting (Cont.):

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

D. Budgeting

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: instruction, support services, community services, facilities acquisition and construction, and other expenditures. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

E. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

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

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

F. Receivables

Amounts due from individuals and organizations are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

F. Receivables (Cont.)

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See note M.)

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

G. Prepaid Expenses

The District has elected to report the amount paid to Oregon Public Employee Retirement System (PERS) to reduce the calculated unfunded pension liability obligation as a prepaid expense, as reported on the government-wide Statement of Net Position. The prepaid asset is to be amortized in the amounts and over the estimated length of time the unfunded portion of the pension obligation is expected be paid out to its current and former employees.

H. Inventory

Food & supplies inventories in the Food Service Fund are valued at cost determined on the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

I. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$5,000.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized, and related depreciation is not reported in the fund financial statements.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

J. Compensated Absences and Accrued Liabilities

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full by current financial resources are reported as obligations of the funds.

K. Advances from Grantors

Amounts received for reimbursement-type grants in excess of District expenditures related to that grant are reported in the liability section of the government-wide statements as advances from grantors and are consequently not reported as revenues.

L. Long-Term Obligations

All bonds payable and capital leases payable are recognized in the government-wide financial statements as a liability of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on bonded debt and capital lease payments are recorded as a debt service in the expenditure section of the statement and schedules.

M. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

N. Equity Classifications

*Government-wide Statements*

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. Net position is displayed in three components:

- a. Net investment in capital assets- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Fund Financial Statements*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District did not have any nonspendable resources as of June 30, 2018.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has restricted funds for various projects that are to be used for educational purposes.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision-making authority, the Board of Directors, and does not lapse at year-end.
- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District’s policy is to use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of the constrained fund balances.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

O. Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

P. Inter-Fund Transactions

In the fund financial statements, quasi-external transactions are accounted for as revenues or expenditures, while reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Q. Use of Estimates

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

R. 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 Fund (OPERF) and the Oregon Public Service Retirement Plan (OPSRP) and additions to/deductions from OPERF's and OPSRP's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CASH AND INVESTMENTS:**

For discussion of deposit and investment policies and other related information, see Note E.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note E.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**CASH AND INVESTMENTS (Cont.):**

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2018, the reported amount of the District's deposits was \$2,730,748, the bank balance was \$3,074,790 and the amount of imprest cash was \$2,443. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2018, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2018, the District's deposits in financial institutions were as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Federal Agency Notes	\$ 5,415	N/A
Oregon State Treasurer's Local Government Investment Pool (LGIP)	<u>2,350,187</u>	N/A
Total Investments	<u>\$ 2,355,602</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 99.99 percent of the District's total investments.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2018:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
<b>Assets not being depreciated:</b>				
Land	\$ 331,513	\$ -	\$ -	\$ 331,513
Total	331,513	-	-	331,513
<b>Assets being depreciated:</b>				
Land Improvement	1,959,290	-	-	1,959,290
Building and Building Improvement	9,881,576	549,371	-	10,430,947
Machinery and Equipment	2,542,484	188,938	75,652	2,655,770
Total Depreciable Assets	14,383,351	738,309	75,652	15,046,008
<b>Less: Accumulated Depreciation</b>				
Land Improvement	727,285	88,073	-	815,358
Building and Building Improvement	6,153,034	263,067	-	6,416,101
Machinery and Equipment	1,766,955	189,258	74,652	1,881,561
Total Accumulated Depreciation	8,647,274	540,398	74,652	9,113,021
Net Value of Capital Assets Being Depreciated	5,736,076	197,911	1,000	5,932,987
Total Governmental Activities --				
Net Value of Capital Assets	\$ 6,067,589	\$ 197,911	\$ 1,000	\$ 6,264,499
<b>Depreciation expense was charged to governmental functions as follows:</b>				
Instruction	\$ 360,293			
Support Services	158,360			
Enterprise and Community Services	21,746			
Total Depreciation Expense	\$ 540,398			

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**LONG-TERM DEBT:**

Full Faith and Credit QZAB, 2016 held by New Mexico Bank and Trust Company for Pulling for Kids Program. The bond is dated August 4, 2016 with an original balance of \$1,100,000 and an interest rate of 4.39%. Annual deposits of \$55,000 into a Custodial Account at US Bank are required with a permitted sinking fund yield of 2.45% annually. Final payment is due in 2038.

QZAB held by Bank of America for qualified building improvements and equipment purchases. The Bond is dated December 2004. The original balance is \$1,141,000 with an interest rate of 0%. Annual deposit of \$56,292 into Custodial Account at US bank earning 3% annually is required.

Oregon School Board Association Limited Tax Pension Obligation Bonds, Series 2002, held by Wells Fargo Bank Northwest, NA and dated October 31, 2002. The original balance is \$4,739,860 with an interest rate between 2.0% and 6.10%.

Oregon School Board Association Limited Tax Pension Obligation Bonds, Series 2003, held by Wells Fargo Bank Northwest, NA and dated April 21, 2003. The original balance is \$6,022,782 with an interest rate between 1.50% and 6.27%.

General Obligation Refunding Bonds, Series 2008 sold to Seattle-Northwest Securities Corporation to refinance GO Bonds, Series 1999, held by Wells Fargo Bank. The original balance is \$3,045,000 with an interest rate between 4.2% and 4.70%, dated September 9, 2008.

	Outstanding Balance July 1, 2017	Principal Paid	Interest Paid	Outstanding Balance June 30, 2018	Due Within One Year
Full Faith and Credit Qualified Zone Academy Bond, 2016	\$ 1,100,000	\$ 55,000	\$ -	\$ 1,045,000	\$ 55,000
Qualified Zone Academy Bond	465,128	56,292	-	408,836	56,292
OSBA Limited Tax Pension Obligation Bonds	3,513,858	98,073	324,864	3,415,785	100,472
OSBA Limited Tax Pension Obligation Bonds	4,122,128	161,851	412,511	3,960,277	161,398
General Obligation Refunding Bonds, Series 2008	420,000	420,000	16,800	-	-
<b>Total</b>	<b>\$ 9,621,114</b>	<b>\$ 791,216</b>	<b>\$ 754,176</b>	<b>\$ 8,829,898</b>	<b>\$ 373,162</b>

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**LONG-TERM DEBT (Cont.):**

The debt service requirements on the above debt are as follows:

<b>Bonds Payable:</b>	Due Fiscal Year Ending June 30,	Principal	Interest	Total
	2019	\$ 373,162	\$ 790,429	\$ 1,163,591
	2020	370,442	838,150	1,208,592
	2021	270,445	691,810	962,255
	2022	629,067	714,252	1,343,319
	2023	674,406	729,457	1,403,863
	2024 - 2028	6,017,376	922,094	6,939,470
	2029 - 2033	275,000	-	275,000
	2034 - 2038	220,000	-	220,000
<b>Total</b>		<b>\$ 8,829,898</b>	<b>\$ 4,686,192</b>	<b>\$ 13,516,090</b>

For further detail on debt service, see the 'Schedule of Long-Term Debt Transactions' and 'Schedule of Future Requirements for Retirement of Long Term' in the Supplemental Data section of this report.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**PENSION PLAN**

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

Description of Benefit Terms

*Plan Benefits*

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

*Pension Benefits*

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Death Benefits*

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

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

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**PENSION PLAN (Cont.):**

*Benefit Changes After Retirement*

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary based on the amount of the annual benefit.

**2. OPSRP Defined Benefit Pension Program (OPSRP DB).** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

*Pension Benefits*

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

A member of the 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, if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary based on the amount of the annual benefit.

**3. IAP Plan Description:**

**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)

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**PENSION PLAN (Cont.):**

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.

**C. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. 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. The employer rates in effect for the year ended June 30, 2018 were: Tier1/Tier 2 – 7.06% and OPSRP general service – 1.73%.

Employer contributions for the year ended June 30, 2018 were \$1,209,578, excluding amounts to fund employer specific liabilities.

**Pension Plan CAFR**

Oregon PERS produces an independently audited CAFR which can be found at:  
[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**Actuarial Valuations**

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit 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.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**PENSION PLAN (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries:  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:  Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

*Discount Rate*

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

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**PENSION PLAN (Cont.):**

*Depletion Date Projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

*Assumed Asset Allocation*

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation</u>
Cash	0.0% - 3.0%	0.0%	Cash	3.9%
Debt Securities	15.0% - 25.0%	20.0%	Debt Securities	20.7%
Public Equity	32.5% - 42.5%	37.5%	Public Equity	37.9%
Real estate	9.5% - 15.5%	12.5%	Real estate	12.0%
Private Equity	13.5% - 21.5%	17.5%	Private Equity	19.5%
Alternative Equity	0.0% - 12.5%	12.5%	Alternative Equity	4.1%
Opportunity Portfolio	0.0% - 3.0%	0.0%	Opportunity Portfolio	1.9%
Total		100%	Total	100%

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**PENSION PLAN (Cont.):**

*Long-Term Expected Rate of Return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at 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.

Asset Class	Target Allocation	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	8.00%	3.59%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leveraged Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Foreign Equities	4.13%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.88%	5.43%	3.84%	18.95%
<b>Portfolio - Net of Investment Expenses</b>	<b>100%</b>	<b>7.48%</b>	<b>6.74%</b>	<b>12.97%</b>

\* The models's 20-year annualized geometric median is 6.7%

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**PENSION PLAN (Cont.):**

Sensitivity Analysis

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net pension liability	\$ 10,614,228	\$ 6,228,340	\$ 2,560,925

Changes in Assumptions

A summary of key changes implemented since the December 31, 2015 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published in September 2017, and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

*Changes in Actuarial Methods and Allocation Procedures*

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 members' actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2014 and December 31, 2015 valuations, the Money Match was weighted 25 percent for General Service members and 0 percent for Police & Fire members. For the December 31, 2016 and December 31, 2017 valuations, this weighting has been adjusted to 15 percent for General Service members and 0 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

*Changes in Economic Assumptions*

**Investment Return and Interest Crediting** – The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.20%. Previously, the assumed investment return and interest crediting was 7.5%.

**Administrative Expenses** – The administrative expense assumptions were updated to \$37.5 million per year for Tier 1/Tier 2 and \$6.5 million per year for OPSRP. Previously these were assumed to \$33.0 million per year and \$5.5 million per year, respectively.

**Healthcare Cost Inflation** – The healthcare cost inflation assumption for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2020 by the Affordable Care Act.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**PENSION PLAN (Cont.):**

Mortality Rates

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	December 31, 2015 Valuation	Recommended December 31, 2016 and 2017 Valuations
<b>Healthy Annuitant Mortality</b>	<b>RP-2000 Generational with Scale BB, Combined Active/Healthy Annuitant, Sex Distinct</b>	<b>RP-2014 Healthy Annuitant, Sex Distinct, Generational Projection Unisex Social Security Data Scale</b>
School District male	No collar, set back 24 months	White collar, set back 12 months
Other General Service male (and male beneficiary)	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
Police & Fire male	Blended 25% blue collar/75% white collar, set back 12 months	Blended 50% blue collar/50% white collar, set back 12 months
School District female	No collar, set back 24 months	White collar, set back 12 months
Other female (and female beneficiary)	Blended 25% blue collar/75% white collar, no set back	Blended 50% blue collar/50% white collar, no set back
<b>Disabled Retiree Mortality</b>	<b>RP-2000 Generational with Scale BB, Disabled, No Collar, Sex distinct</b>	<b>RP-2014 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
Male	70% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
Female	95% of Disabled table, but not less than corresponding healthy annuitant rates	No collar adjustment, no set back
<b>Non-Annuitant Mortality</b>	<b>Fixed Percentage of Healthy Annuitant Mortality</b>	<b>RP-2014 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale</b>
School District male	60%	Same collar and set back as Healthy Annuitant assumption
Other General Service male	75%	Same collar and set back as Healthy Annuitant assumption
Police & Fire male	75%	Same collar and set back as Healthy Annuitant assumption
School District female	55%	Same collar and set back as Healthy Annuitant assumption
Other female	60%	Same collar and set back as Healthy Annuitant assumption

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**PENSION PLAN (Cont.):**

Changes Subsequent to the Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2%. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5% and has been in effect for member transactions since January 1, 2016.

Employer Contributions

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on pay-date.

Beginning with fiscal year 2016, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2016, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

Net Pension Liability

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

Elements of Changes in Net Position

This information can be found in the Schedule of Changes in Net Pension Liability found on page 71, of the June 30, 2017 PERS CAFR.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

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

At June 30, 2018, the employer reported a liability of \$6,228,340 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**PENSION PLAN (Cont.):**

At June 30, 2017, the employer's proportion was 0.04620417 percent.

For the year ended June 30, 2018, the employer recognized pension expense of \$1,395,659. At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 301,205	\$ -
Changes of assumptions	1,135,315	-
Net difference between projected and actual earnings on investements	64,166	-
Changes in proportionate share	838,424	-
Differences between employer contributions and employer's proportionate share of system contributions	<u>6,207</u>	<u>617,150</u>
Total Deferred Outflows/Inflows	\$ 2,345,317	\$ 617,150
Post-measurement date contributions	1,994,484	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 4,339,801</u>	<u>\$ 617,150</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>1,728,167</u>

\$1,728,167 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 348,637
2nd Fiscal Year	852,312
3rd Fiscal Year	598,760
4th Fiscal Year	(94,944)
5th Fiscal Year	23,403
Thereafter	-
Total	<u>\$ 1,728,169</u>

**Net Pension Liability**

Net pension liabilities are calculated at the system-wide level and are allocated to employers based on their proportionate share. UAL Side Accounts are included as assets in this calculation. The rate setting actuarial valuation will continue to allocate the UAL Side Account, transitional or pre-SLGRP liabilities or surpluses as adjustments to the respective employers.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA:**

***Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)***

**Plan Description**

The District contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

**Funding Policy**

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently 0.50% of annual covered PERS payroll and 0.43% for OPSRP payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

**Contributions**

The District's contributions to PERS' RHIA for the years ended June 30, 2018, 2017, and 2016 were \$34,894, \$34,894, and \$43,177 respectively, which equaled the required contributions for the year.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost Sharing Multiple Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2017. That independently audited report was dated April 11, 2018 and can be found at:

[http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB\\_75\\_06.30.2017.pdf](http://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2017.pdf)

<b>Actuarial Methods and Assumptions - OPEB Plans - RHIA</b>	
	<b>June 30, 2017</b>
Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p>Healthy retirees and beneficiaries:  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members:  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees:  Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long term expected rate of return assumption, in July 2015 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. Milliman's assumptions for each of the asset classes in which the plan was invested at that time are based on the OIC long term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see Pension Plan note disclosure above or the PERS' audited financial statements at:

[http://www.oregon.gov/pers/docs/financial\\_reports/2017\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2017_cafr.pdf)

Sensitivity Analysis

The following presents the employer's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the employer's proportionate share of the OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Employer's proportionate share of the net OPEB liability	\$ 4,054	\$ (29,084)	\$ (57,269)

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

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

At June 30, 2018, the District reported a net OPEB liability/(asset) of \$(29,084) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2015. Consistent with GASB Statement No. 75, paragraph 59(a), The District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2017, the District's proportion was 0.06968770percent. OPEB expense/(income) for the year ended June 30, 2018 was \$162.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on	-	13,470
Changes in proportionate share	15	-
Differences between employer contributions and	-	-
Total Deferred Outflows/Inflows	<u>\$ 15</u>	<u>\$ 13,470</u>
Post-measurement date contributions	34,224	N/A
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 34,239</u>	<u>\$ 13,470</u>
Net Deferred Outflow/(Inflow) of Resources prior to post-measurement date contributions		<u>(13,455)</u>

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

\$13,455 reported as deferred inflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (3,361)
2nd Fiscal Year	(3,361)
3rd Fiscal Year	(3,364)
4th Fiscal Year	(3,367)
5th Fiscal Year	-
Thereafter	-
Total	\$ (13,455)

**Changes Subsequent to the Measurement Date**

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) OEGB:**

*OEGB Health Insurance Subsidy*

Plan Description

The District operates a single employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. GASB Statement 75 is applicable to the District due only to this implicit rate subsidy. This “plan” is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy

When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) RHIA (Cont.):**

Actuarial Methods and Assumptions - The District engaged an actuary to perform an evaluation as of June 30, 2018 using entry age normal Actuarial Cost Method. The District is responsible for the selection of assumptions, and were developed in consultation with Menard Consulting, Inc. The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date:

<b>Health Care Trend Rates</b>	
Initial Health Care Cost Trend Rate	7.00%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal Year 2028
<b>Additional Information</b>	
Valuation date	July 1, 2017
Measurement date	June 29, 2018
Actuarial Cost Method	Entry Age Normal (AMM)
Discount Rate	2.98%
Inflation	3.00%
Salary Rate Increase	4.00%
Funded Ratio (Fiduciary Net Position as a percentage of Total OPEB Liability)	0.00%
Covered Payroll	Not Available
Net OPEB Liability as a Percentage of Covered Payroll	-----

The results are estimates based on assumptions about future events. Assumptions may be made about participant data or other factors. All approximations and assumptions are noted. Reasonable efforts were made in this valuation to ensure that significant items in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. Actual future experience will differ from the assumptions used. As these differences arise, the expense for accounting purposes will be adjusted in future valuations to reflect such actual experience.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont.):**

Discount Rate - The District does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 2.98% is used, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of June 29, 2018.

Mortality rates were based on the RP-2014 Combined Annuitant Mortality Table for males and females. The Morality Table reflects recent rates developed by the Society of Actuaries.

Election at Retirement - 25% of active employees are assumed to elect coverage at retirement.

Starting per capita costs are based on premium rates. The same rates are charged for actives and pre-Medicare retirees. When an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees, in accordance with actuarial standards issued by the Actuarial Standards Board. As such, premiums were estimated for pre-Medicare retirees based on average ages and assumptions on the relationship between costs and increasing age (Morbidity).

**Sensitivity Analysis**

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Discount Rate	1% Increase
	1.98%	2.98%	3.98%
Total OPEB liability from Implicit Rate Subsidy	\$ 238,847	\$ 221,027	\$ 204,462
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability from Implicit Rate Subsidy	\$ 196,577	\$ 221,027	\$ 249,634

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont.):**

Participation

The following table represents the number of the District's covered participants:

Census Date	<u>November 2018</u>
<b>Participants</b>	
Active Employees	148
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Inactive Employees Currently Receiving Benefits	<u>0</u>
Total	148
<b>Average Ages</b>	
Active Employees	46.8
<b>Average Service</b>	
Active Employees	8.2

Changes in Net OPEB Liability

<b>Changes in Total OPEB Liability June 30, 2017 to June 30, 2018</b>	Increase (Decrease) Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
<b>Balance as of June 30, 2017</b>	<b>\$ 193,241</b>	<b>\$ -</b>	<b>\$193,241</b>
<b>Changes for the year:</b>		-	
Service Cost	22,457	-	22,457
Interest on total OPEB liability	6,004	-	6,004
Changes of benefit terms	-	-	-
Difference Between Expected & Actual Experience	-	-	-
Changes of Assumptions and Other Inputs	2,565	-	2,565
Contributions – Employer	-	-	-
Contributions - Active & Inactive Employees	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(2,841)	-	(2,841)
Administrative Expenses	-	-	-
Other Changes	(398)	-	(398)
Net Changes	<u>27,787</u>	-	<u>27,787</u>
<b>Net OPEB Liability at June 30, 2018</b>	<b>\$ 221,028</b>	<b>\$ -</b>	<b>\$221,028</b>

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Cont.):**

Components of OPEB Expense

**OPEB Expense**

Service cost	\$	21,775
Interest on Service Cost		682
Total		<u>22,457</u>
Interest Cost		6,004
Difference Between Expected & Actual Experience		-
Changes of Assumptions and Other Inputs		<u>216</u>
OPEB Expense	\$	28,676

Schedule of Deferred Inflows and Outflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or inputs	2,310	359
Benefit Payments	-	-
Changes in proportionate share	-	-
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total Deferred Outflows/Inflows	<u>\$ 2,310</u>	<u>\$ 359</u>

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

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ 215
2nd Fiscal Year	215
3rd Fiscal Year	215
4th Fiscal Year	215
5th Fiscal Year	215
Thereafter	<u>871</u>
Total	\$ 1,946

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**CONTINGENT LIABILITIES:**

Amounts received or receivable from grantor 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 amount, if any, to be immaterial.

The District is not currently named as a defendant in any pending or threatened litigation.

**COMMODITIES RECEIVED IN FOOD SERVICE FUND:**

During the year the District received USDA commodities. Fair market value of the amount of commodities received during the current fiscal year is \$46,531. The amount is reflected as federal revenue received and as food expenditure in the Food Service Fund in the financial statements. Fair market value is determined by the Oregon Department of Education.

**RISK MANAGEMENT:**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District is joined together with other school district and special districts in the state, which are members of Special Districts of Oregon (SDOA). SDOA oversees the Special Districts Insurance Services Trust, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The District has an annually renewable contract to pay SDOA an annual premium for its general liability, property liability, automobile liability, boiler and machinery, comprehensive crime, and umbrella insurance coverage.

The District carries commercial insurance for all other losses, including workers' compensation and employee health and accident insurance. Premiums to the health insurance company are paid through a combination of employer contributions and payroll withholdings for eligible employees.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

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

	Transfers Out	Transfers In
General Fund #100	\$ 196,500	\$ -
Special Revenue Funds:		
Technology Fund #230	-	25,000
Transportation Fund #240	-	109,000
Debt Service Fund #300	-	37,500
Capital Improvement Fund #410	-	25,000
Total	\$ 196,500	\$ 196,500

The transfer out of the general fund to the debt service fund was made to provide funds for repayment of capital leases and other long-term debt not provided for by taxes and other services provided. The transfers out of the general fund to the other funds, represents the District's election to provide general fund support to the programs and activities of the other funds.

**FUND BALANCE COMPARISONS:**

<u>Fund</u>	<u>Actual</u> <u>June 30, 2018</u>	<u>Budgeted</u> <u>July 1, 2018</u>
General Fund #100	\$ 2,259,599	\$ 1,861,832
Federal & Special Grants Fund #210	8,760	-
Capital Equipment Fund #220	32,251	32,251
Technology Fund #230	75,358	75,000
Transportation Fund #240	10,127	10,100
Food Services Fund #250	98,436	98,704
Student Body Fund #260	164,648	113,008
Debt Service Fund #300	2,370,069	1,639,770
Capital Improvements Fund #410	236,336	675,000

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2018**

---

**OVER-EXPENDITURE OF APPROPRIATIONS:**

Expenditures in excess of appropriation in individual funds for the year ended June 30, 2018 occurred as follows:

<u>Fund / Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
Federal & Special Grants Fund #210 / Support Services	395,000	404,475	9,475
Federal & Special Grants Fund #210 / Facilities Acquisition and Construction	-	77,217	77,217
Food Services Fund # 250 / Enterprise & Community Services	588,443	592,342	3,899

**PROPERTY TAX ABATEMENTS:**

Sutherlin School District #130 received reduced revenue from property taxes as a result of one tax abatements program - Enterprise Zones agreements. These tax abatement agreements are negotiated with Douglas County, Oregon under Oregon Revised Statutes (ORS) 285C.175 regarding Enterprise Zones.

For the fiscal year ended June 30, 2018, information regarding the property tax abatements are as follows:

	<u>Assessed Value of Excluded Properties</u>	<u>Rate per Thousand Dollars of Assessed Value</u>	<u>Reduced Property Taxes</u>
Enterprise Zone	\$ 27,037,030	4.0815	\$ 110,352
Total Tax Abatements			<u>\$ 110,352</u>

**RESTATEMENT OF BEGINNING NET POSITION:**

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions- an amendment of GASB Statement No.45 – This statement requires the employer to change the accounting for the other postemployment benefit costs. This change resulted in a restatement of beginning net position for 2017-18 in the amount of \$(12,426).

**REQUIRED**  
**SUPPLEMENTARY**  
**INFORMATION**

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **General Fund #100**

**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>REVENUES:</u></b>				
Local Sources	\$ 2,714,500	\$ 2,714,500	\$ 2,866,133	\$ 151,633
Intermediate Sources	111,600	111,600	137,753	26,153
State Sources	9,609,706	9,609,706	10,036,813	427,107
Federal Sources	96,000	96,000	150,624	54,624
<b>Total Revenues</b>	<b>12,531,806</b>	<b>12,531,806</b>	<b>13,191,323</b>	<b>659,517</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	8,290,200	8,290,200	8,148,363	(141,837)
Support Services	4,600,212	4,600,212	4,466,940	(133,272)
Contingency	350,000	350,000	-	(350,000)
<b>Total Expenditures</b>	<b>13,240,412</b>	<b>13,240,412</b>	<b>12,615,303</b>	<b>(625,109)</b>
Excess (Deficiency) of Revenues Over Expenditures	(708,606)	(708,606)	576,020	1,284,626
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	-	-	-	-
Interfund Transfers Out	(196,500)	(196,500)	(196,500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(196,500)</b>	<b>(196,500)</b>	<b>(196,500)</b>	<b>-</b>
Net Change in Fund Balance	(905,106)	(905,106)	379,520	1,284,626
Beginning Fund Balance	1,680,129	1,680,129	1,880,079	199,950
<b>Ending Fund Balance</b>	<b>\$ 775,023</b>	<b>\$ 775,023</b>	<b>\$ 2,259,599</b>	<b>\$ 1,484,576</b>

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Federal & Special Grants Fund #210**

**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note 1)</u>	<u>Final Budget</u> <u>Over</u> <u>(Under)</u>
<b><u>REVENUES:</u></b>				
Local Sources	\$ 10,000	\$ 10,000	\$ 29,739	\$ 19,739
State Sources	339,540	339,540	432,744	93,204
Federal Sources	726,826	781,490	721,928	(59,562)
<b>Total Revenues</b>	<b>1,076,366</b>	<b>1,131,030</b>	<b>1,184,411</b>	<b>53,381</b>
<b><u>EXPENDITURES:</u></b>				
Instruction	791,143	731,030	721,359	(9,671)
Support Services	285,223	395,000	404,475	9,475
Enterprise and Community Services	-	5,000	4,272	(728)
Facilities Acquisition and Construction	-	-	77,217	77,217
<b>Total Expenditures</b>	<b>1,076,366</b>	<b>1,131,030</b>	<b>1,207,323</b>	<b>76,293</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(22,912)	(22,912)
Net Change in Fund Balance	-	-	(22,912)	(22,912)
Beginning Fund Balance	-	-	31,672	31,672
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,760</b>	<b>\$ 8,760</b>

**SUTHERLIN SCHOOL DISTRICT NO. 130**

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

**PERS**

**Last 10 Fiscal Years\***

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.04620417%	0.03754066%	0.03187822%	0.02998764%
Employer's proportionate share of the net pension liability (asset)	\$ 6,228,340	\$ 5,635,725	\$ 1,830,276	\$ (679,734)
Employer's covered - employee payroll	\$ 7,866,961	\$ 7,353,091	\$ 6,741,352	\$ 6,714,550
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	79.17%	76.64%	27.15%	-10.12%
Plan fiduciary net position as a percentage of the total pension liability	83.1%	80.5%	91.9%	103.6%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERS**

**Last 10 Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,994,484	\$ 1,209,578	\$ 1,257,639	\$ 1,211,883	\$ 1,137,186	\$ 982,214	\$ 467,548	\$ 482,128	\$ 387,586	\$ 384,911
Contributions in relation to the contractually required contribution	1,994,484	1,209,578	1,257,639	1,211,883	1,137,186	982,214	467,548	482,128	387,586	384,911
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered - employee payroll	\$ 7,866,961	\$ 7,353,091	\$ 6,741,352	\$ 6,714,550	\$ 6,810,003	\$ 6,698,765	\$ 4,275,633	\$ 6,754,785	\$ 6,670,384	\$ 2,747,402
Contributions as a percentage of covered - employee payroll	7.06%	2.42%	2.42%	5.48%	5.48%	4.93%	4.93%	0.29%	0.29%	14.01%

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

### **OPEB RHIA**

#### **Last 10 Fiscal Years\***

---

	<u>2018</u>	<u>2017</u>
Employer's proportion of the net OPEB liability (asset)	0.06968770%	0.06961054%
Employer's proportionate share of the net OPEB liability (asset)	\$ (29,084)	\$ 18,904
Employer's covered - employee payroll	\$ 7,866,961	\$ 7,353,091
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered - employee payroll	-0.37%	0.26%
Plan fiduciary net position as a percentage of the total OPEB liability	108.9%	94.2%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF EMPLOYER CONTRIBUTIONS OPEB RHIA**

### **Last 10 Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 34,224	\$ 34,894	\$ 43,177
Contributions in relation to the contractually required contribution	<u>34,224</u>	<u>34,894</u>	<u>43,177</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Employer's covered - employee payroll	\$ 7,866,961	\$ 7,353,091	\$ 6,741,352
Contributions as a percentage of covered - employee payroll	0.44%	0.47%	0.64%

**OTHER**

**SUPPLEMENTARY**

**INFORMATION**

**Non-Major Governmental Funds**

# SUTHERLIN SCHOOL DISTRICT NO. 130

## COMBINING BALANCE SHEET ALL NON-MAJOR GOVERNMENTAL FUNDS -- BY FUND TYPE June 30, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non- Major Governmental Funds
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 365,662	\$ -	\$236,336	\$ 601,998
Accounts Receivable	16,148	-	-	16,148
Inventory-Food, Supplies & Commodities	16,156	-	-	16,156
<b>Total Assets</b>	<b>\$ 397,966</b>	<b>\$ -</b>	<b>\$236,336</b>	<b>\$ 634,302</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>				
LIABILITIES:				
Accounts Payable	\$ 2,588	\$ -	\$ -	\$ 2,588
Refundable Deposits	14,558	-	-	14,558
<b>Total Liabilities</b>	<b>17,146</b>	<b>-</b>	<b>-</b>	<b>17,146</b>
FUND BALANCES:				
Unspendable	16,156	-	-	16,156
Restricted for:				
Equipment Acquisition	10,127	-	-	10,127
Student Body Activities	164,648	-	-	164,648
Committed for:				
Capital Construction & Building Maintenance	-	-	236,336	236,336
Equipment Acquisition	32,251	-	-	32,251
Food Service Program	82,280	-	-	82,280
Special Programs	75,358	-	-	75,358
<b>Total Fund Balances</b>	<b>380,820</b>	<b>-</b>	<b>236,336</b>	<b>617,156</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 397,966</b>	<b>\$ -</b>	<b>\$236,336</b>	<b>\$ 634,302</b>

# SUTHERLIN SCHOOL DISTRICT NO. 130

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

For the Fiscal Year Ended June 30, 2018

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non- Major Governmental Funds</u>
<b><u>REVENUES:</u></b>				
Local Sources	\$ 377,012	\$ -	\$ -	\$ 377,012
State Sources	18,271	-	-	18,271
Federal Sources	541,737	-	-	541,737
<b>Total Revenues</b>	<b>937,020</b>	<b>-</b>	<b>-</b>	<b>937,020</b>
<b><u>EXPENDITURES:</u></b>				
Current:				
Instruction	314,222	-	3,512	317,734
Support Services	-	-	64,644	64,644
Enterprise and Community Services	592,342	-	-	592,342
Capital Outlay:				
Support Services	170,485	-	172,610	343,095
Enterprise and Community Services	-	-	31,233	31,233
Facilities Acquisition and Construction	-	-	252,507	252,507
<b>Total Expenditures</b>	<b>1,077,049</b>	<b>-</b>	<b>524,506</b>	<b>1,601,555</b>
Excess (Deficiency) of Revenues Over Expenditures	(140,029)	-	(524,506)	(664,535)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	134,000	-	25,000	159,000
Interfund Transfers Out	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(6,029)</b>	<b>-</b>	<b>(499,506)</b>	<b>(505,535)</b>
Beginning Fund Balance	386,849	-	735,842	1,122,691
<b>Ending Fund Balance</b>	<b>380,820</b>	<b>-</b>	<b>236,336</b>	<b>617,156</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Non-Major Special Revenue Funds**

**SUTHERLIN SCHOOL DISTRICT NO. 130**

**COMBINING BALANCE SHEET**

**NON-MAJOR SPECIAL REVENUE FUNDS**

**June 30, 2018**

	<b>Capital Equipment Fund #220</b>	<b>Technology Fund #230</b>	<b>Transportation Fund #240</b>	<b>Food Service Fund #250</b>	<b>Student Body Funds #260</b>	<b>Totals</b>
<b><u>ASSETS:</u></b>						
Cash and Cash Equivalents	\$ 32,251	\$ 75,358	\$ 10,127	\$ 83,278	\$ 164,648	\$ 365,662
Accounts Receivable	-	-	-	16,148	-	16,148
Inventory-Food, Supplies & Commodities	-	-	-	16,156	-	16,156
<b>Total Assets</b>	<b>\$ 32,251</b>	<b>\$ 75,358</b>	<b>\$ 10,127</b>	<b>\$ 115,582</b>	<b>\$ 164,648</b>	<b>\$ 397,966</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u></b>						
LIABILITIES:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,588	\$ -	\$ 2,588
Refundable Deposits	-	-	-	14,558	-	14,558
<b>Total Liabilities</b>	-	-	-	17,146	-	17,146
FUND BALANCES:						
Unspendable	-	-	-	16,156	-	16,156
Restricted for:						
Equipment Acquisition	-	-	10,127	-	-	10,127
Student Body Activities	-	-	-	-	164,648	164,648
Committed for:						
Equipment Acquisition	32,251	-	-	-	-	32,251
Food Service Program	-	-	-	82,280	-	82,280
Special Programs	-	75,358	-	-	-	75,358
<b>Total Fund Balances</b>	<b>32,251</b>	<b>75,358</b>	<b>10,127</b>	<b>98,436</b>	<b>164,648</b>	<b>380,820</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 32,251</b>	<b>\$ 75,358</b>	<b>\$ 10,127</b>	<b>\$ 115,582</b>	<b>\$ 164,648</b>	<b>\$ 397,966</b>

# SUTHERLIN SCHOOL DISTRICT NO. 130

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### NON-MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 2018

	Capital Equipment Fund #220	Technology Fund #230	Transportation Fund #240	Food Service Fund #250	Student Body Funds #260	Totals
<b><u>REVENUES:</u></b>						
Local Sources	\$ -	\$ -	\$ -	\$ 67,988	\$ 309,024	\$ 377,012
State Sources	-	-	-	18,271	-	18,271
Federal Sources	-	-	34,000	507,737	-	541,737
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>34,000</b>	<b>593,996</b>	<b>309,024</b>	<b>937,020</b>
<b><u>EXPENDITURES:</u></b>						
Current:						
Instruction	-	-	-	-	314,222	314,222
Enterprise and Community Services	-	-	-	592,342	-	592,342
Capital Outlay:						
Support Services	-	34,485	136,000	-	-	170,485
<b>Total Expenditures</b>	<b>-</b>	<b>34,485</b>	<b>136,000</b>	<b>592,342</b>	<b>314,222</b>	<b>1,077,049</b>
Excess (Deficiency) of Revenues Over Expenditures	-	(34,485)	(102,000)	1,654	(5,198)	(140,029)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>						
Interfund Transfers In	-	25,000	109,000	-	-	134,000
Interfund Transfers Out	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(9,485)</b>	<b>7,000</b>	<b>1,654</b>	<b>(5,198)</b>	<b>(6,029)</b>
Beginning Fund Balance	32,251	84,843	3,127	96,782	169,846	386,849
<b>Ending Fund Balance</b>	<b>\$ 32,251</b>	<b>\$ 75,358</b>	<b>\$ 10,127</b>	<b>\$ 98,436</b>	<b>\$ 164,648</b>	<b>\$ 380,820</b>

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Capital Equipment Fund #220**

**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>EXPENDITURES:</u></b>				
Instruction	8,000	8,000	-	(8,000)
Support Services	24,251	24,251	-	(24,251)
<b>Total Expenditures</b>	<b>32,251</b>	<b>32,251</b>	<b>-</b>	<b>(32,251)</b>
Excess (Deficiency) of Revenues Over Expenditures	(32,251)	(32,251)	-	32,251
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(32,251)	(32,251)	-	32,251
Beginning Fund Balance	32,251	32,251	32,251	-
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,251</b>	<b>\$ 32,251</b>

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Technology Fund #230**

**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>(Under)</u>
<b><u>EXPENDITURES:</u></b>				
Instruction	56,500	56,500	-	(56,500)
Support Services	53,500	53,500	34,485	(19,015)
<b>Total Expenditures</b>	<b>110,000</b>	<b>110,000</b>	<b>34,485</b>	<b>(75,515)</b>
Excess (Deficiency) of Revenues Over Expenditures	(110,000)	(110,000)	(34,485)	75,515
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	25,000	25,000	25,000	-
Interfund Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
Net Change in Fund Balance	(85,000)	(85,000)	(9,485)	75,515
Beginning Fund Balance	85,000	85,000	84,843	(157)
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,358</b>	<b>\$ 75,358</b>

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Transportation Fund #240**

**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	<u>Over</u> <u>(Under)</u>
<b><u>REVENUES:</u></b>				
Federal Sources	\$ 34,250	\$ 34,250	\$ 34,000	\$ (250)
<b>Total Revenues</b>	<b>34,250</b>	<b>34,250</b>	<b>34,000</b>	<b>(250)</b>
<b><u>EXPENDITURES:</u></b>				
Support Services	146,350	146,350	136,000	(10,350)
<b>Total Expenditures</b>	<b>146,350</b>	<b>146,350</b>	<b>136,000</b>	<b>(10,350)</b>
Excess (Deficiency) of Revenues Over Expenditures	(112,100)	(112,100)	(102,000)	10,100
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	109,000	109,000	109,000	-
Interfund Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>109,000</b>	<b>109,000</b>	<b>109,000</b>	<b>-</b>
Net Change in Fund Balance	(3,100)	(3,100)	7,000	10,100
Beginning Fund Balance	3,100	3,100	3,127	27
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,127</b>	<b>\$ 10,127</b>

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Food Service Fund #250**

**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<b><u>REVENUES:</u></b>				
Local Sources	\$ 57,500	\$ 57,500	\$ 67,988	\$ 10,488
State Sources	17,000	17,000	18,271	1,271
Federal Sources	504,500	504,500	507,737	3,237
<b>Total Revenues</b>	<b>579,000</b>	<b>579,000</b>	<b>593,996</b>	<b>14,996</b>
<b><u>EXPENDITURES:</u></b>				
Enterprise and Community Services	588,443	588,443	592,342	3,899
<b>Total Expenditures</b>	<b>588,443</b>	<b>588,443</b>	<b>592,342</b>	<b>3,899</b>
Net Change in Fund Balance	(9,443)	(9,443)	1,654	11,097
Beginning Fund Balance	36,632	36,632	96,782	60,150
<b>Ending Fund Balance</b>	<b>\$ 27,189</b>	<b>\$ 27,189</b>	<b>\$ 98,436</b>	<b>\$ 71,247</b>

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Student Body Funds #260**

**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis</u> <u>(See Note 1)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES:</u></b>				
Local Sources	\$ 231,238	\$ 271,238	\$ 309,024	\$ 37,786
<b>Total Revenues</b>	231,238	271,238	309,024	37,786
<b><u>EXPENDITURES:</u></b>				
Instruction	286,000	326,000	314,222	(11,778)
<b>Total Expenditures</b>	286,000	326,000	314,222	(11,778)
Net Change in Fund Balance	(54,762)	(54,762)	(5,198)	49,564
Beginning Fund Balance	113,008	113,008	169,846	56,838
<b>Ending Fund Balance</b>	<b>\$ 58,246</b>	<b>\$ 58,246</b>	<b>\$ 164,648</b>	<b>\$ 106,402</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Debt Service Fund**

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Debt Service Fund #300 (A Major Fund)**

**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note 1)</u>	
<b><u>REVENUES:</u></b>				
Local Sources	\$ 1,552,000	\$ 1,552,000	\$ 2,172,606	\$ 620,606
<b>Total Revenues</b>	<b>1,552,000</b>	<b>1,552,000</b>	<b>2,172,606</b>	<b>620,606</b>
<b><u>EXPENDITURES:</u></b>				
Support Services	3,200	3,200	3,200	-
Debt Service	1,545,391	1,545,391	1,545,392	1
<b>Total Expenditures</b>	<b>1,548,591</b>	<b>1,548,591</b>	<b>1,548,592</b>	<b>1</b>
Excess (Deficiency) of Revenues Over Expenditures	3,409	3,409	624,014	620,605
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	37,500	37,500	37,500	-
Interfund Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>37,500</b>	<b>37,500</b>	<b>37,500</b>	<b>-</b>
Net Change in Fund Balance	40,909	40,909	661,514	620,605
Beginning Fund Balance	1,453,700	1,453,700	1,708,555	254,855
<b>Ending Fund Balance</b>	<b>\$ 1,494,609</b>	<b>\$ 1,494,609</b>	<b>\$ 2,370,069</b>	<b>\$ 875,460</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Capital Projects Fund**

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

### **Capital Improvement Fund #410 (A Non-Major Fund)**

**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) (See Note 1)	Final Budget Over (Under)
<b><u>EXPENDITURES:</u></b>				
Instruction	-	4,000	3,512	(488)
Support Services	597,500	573,000	237,254	(335,746)
Enterprise and Community Services	32,500	32,500	31,233	(1,267)
Facilities Acquisition and Construction	232,500	253,000	252,507	(493)
<b>Total Expenditures</b>	<b>862,500</b>	<b>862,500</b>	<b>524,506</b>	<b>(337,994)</b>
Excess (Deficiency) of Revenues Over Expenditures	(862,500)	(862,500)	(524,506)	337,994
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfers In	25,000	25,000	25,000	-
Interfund Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
Net Change in Fund Balance	(837,500)	(837,500)	(499,506)	337,994
Beginning Fund Balance	837,500	837,500	735,842	(101,658)
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 236,336</b>	<b>\$ 236,336</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Additional Supporting Schedules**

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2018**

### **Full Faith and Credit Qualified Zone Academy Bond, 2016**

Full Faith and Credit QZAB, 2016 held by New Mexico Bank and Trust Company for Pulling for Kids Program. The bond is dated August 4, 2016 with an original balance of \$1,100,000 and an interest rate of 4.39%, . Annual deposits of \$55,000 into a Custodial Account at US Bank are required with a permitted sinking fund yield of 2.45% annually. Final payment is due in 2038.

#### **Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 1,100,000	\$ -	\$ 55,000	\$ 1,045,000	\$ 55,000
Interest	-	-	-	-	-
Total	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 1,045,000</u>	<u>\$ 55,000</u>

#### **Future Requirements:**

Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
2019	\$ 55,000	\$ -	\$ 55,000	0.00%
2020	55,000	-	55,000	0.00%
2021	55,000	-	55,000	0.00%
2022	55,000	-	55,000	0.00%
2023	55,000	-	55,000	0.00%
2024	55,000	-	55,000	0.00%
2025	55,000	-	55,000	0.00%
2026	55,000	-	55,000	0.00%
2027	55,000	-	55,000	0.00%
2028	55,000	-	55,000	0.00%
2029	55,000	-	55,000	0.00%
2030	55,000	-	55,000	0.00%
2031	55,000	-	55,000	0.00%
2032	55,000	-	55,000	0.00%
2033	55,000	-	55,000	0.00%
2034	55,000	-	55,000	0.00%
2035	165,000	-	165,000	0.00%
Total	<u>\$ 1,045,000</u>	<u>\$ -</u>	<u>\$ 1,045,000</u>	

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2018**

---

### **Qualified Zone Academy Bond**

QZAB held by Bank of America for qualified building improvements and equipment purchases. The Bond is dated December 2004. The original balance is \$1,141,000 with an interest rate of 0%. Annual deposit of \$56,292 into Custodial Account at US bank earning 3% annually is required.

### **Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 465,128	\$ -	\$ 56,292	\$ 408,836	\$ 56,292
Interest	-	-	-	-	-
Total	<u>\$ 465,128</u>	<u>\$ -</u>	<u>\$ 56,292</u>	<u>\$ 408,836</u>	<u>\$ 56,292</u>

### **Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 56,292	\$ -	\$ 56,292	0.00%
	2020	56,292	-	56,292	0.00%
	2021	56,292	-	56,292	0.00%
	2022	56,292	-	56,292	0.00%
	2023	56,292	-	56,292	0.00%
	2024	56,292	-	56,292	0.00%
	2025	56,292	-	56,292	0.00%
	2026	14,792	-	14,792	0.00%
	2027	-	-	-	0.00%
Total		<u>\$ 408,836</u>	<u>\$ -</u>	<u>\$ 408,836</u>	

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2018**

---

### **OSBA Limited Tax Pension Obligation Bonds**

Oregon School Board Association Limited Tax Pension Obligation Bonds, Series 2002, held by Wells Fargo Bank Northwest, NA and dated October 31, 2002. The original balance is \$4,739,860 with an interest rate between 2.0% and 6.10%.

### **Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 3,513,858	\$ -	\$ 98,073	\$ 3,415,785	\$100,472
Interest	-	324,864	324,864	-	347,465
Total	<u>\$ 3,513,858</u>	<u>\$ 324,864</u>	<u>\$ 422,937</u>	<u>\$ 3,415,785</u>	<u>\$447,937</u>

### **Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 100,472	\$ 347,465	\$ 447,937	0.00%
	2020	100,313	367,624	467,937	0.00%
	2021	-	186,600	186,600	0.00%
	2022	360,000	177,665	537,665	0.00%
	2023	405,000	158,209	563,209	0.00%
	2024	455,000	135,975	590,975	0.00%
	2025	505,000	110,723	615,723	0.00%
	2026	565,000	82,695	647,695	0.00%
	2027	630,000	51,337	681,337	0.00%
	2028	295,000	16,373	311,373	0.00%
Total		<u>\$ 3,415,785</u>	<u>\$ 1,634,666</u>	<u>\$ 5,050,451</u>	

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2018**

### **OSBA Limited Tax Pension Obligation Bonds**

Oregon School Board Association Limited Tax Pension Obligation Bonds, Series 2003, held by Wells Fargo Bank Northwest, NA and dated April 21, 2003. The original balance is \$6,022,782 with an interest rate between 1.50% and 6.27%.

#### **Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 4,122,128	\$ -	\$ 161,851	\$ 3,960,277	\$ 161,398
Interest	-	412,511	412,511	-	442,964
Total	<u>\$ 4,122,128</u>	<u>\$ 412,511</u>	<u>\$ 574,362</u>	<u>\$ 3,960,277</u>	<u>\$ 604,362</u>

#### **Future Requirements:**

	Fiscal Year Ended June 30,	Principal	Interest	Total	Interest Rate
	2019	\$ 161,398	\$ 442,964	\$ 604,362	0.00%
	2020	158,837	470,526	629,363	0.00%
	2021	159,153	505,210	664,363	0.00%
	2022	157,775	536,587	694,362	0.00%
	2023	158,114	571,248	729,362	0.00%
	2024	585,000	179,363	764,363	0.00%
	2025	655,000	146,544	801,544	0.00%
	2026	730,000	109,340	839,340	0.00%
	2027	810,000	67,876	877,876	0.00%
	2028	385,000	21,868	406,868	0.00%
Total		<u>\$ 3,960,277</u>	<u>\$ 3,051,526</u>	<u>\$ 7,011,803</u>	

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF LONG-TERM DEBT TRANSACTIONS**

**For the Fiscal Year Ended June 30, 2018**

---

### **General Obligation Refunding Bonds, Series 2008**

General Obligation Refunding Bonds, Series 2008 sold to Seattle-Northwest Securities Corporation to refinance GO Bonds, Series 1999, held by Wells Fargo Bank. The original balance is \$3,045,000 with an interest rate between 4.2% and 4.70%, dated September 9, 2008.

#### **Current Year Activity:**

	Outstanding Balance July 1, 2017	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2018	Due Within One Year
Principal	\$ 420,000	\$ -	\$ 420,000	\$ -	\$ -
Interest	-	16,800	16,800	-	-
Total	<u>\$ 420,000</u>	<u>\$16,800</u>	<u>\$ 436,800</u>	<u>\$ -</u>	<u>\$ -</u>

**ACCOMPANYING**  
**INFORMATION**

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**INDEPENDENT AUDITOR'S REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

**June 30, 2018**

---

To the Governing Body of the Sutherlin School District No. 130  
Sutherlin, Oregon

We have audited the basic financial statements of the Sutherlin School District as of and for the year ended June 30, 2018, and have issued our report thereon dated December 11, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the Sutherlin School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, with the following exceptions:

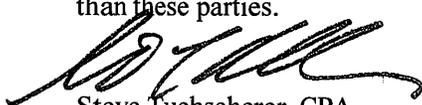
For the fiscal year ended June 30, 2018, over-expenditure of appropriations occurred in two funds, as noted on page 49 of the audit report.

The District has adopted new procedures to review actual vs. budget amounts regularly to avoid these over-expenditures in the future.

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

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

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

  
Steve Tuchscherer, CPA  
Umpqua Valley Financial  
December 11, 2018

# **SINGLE AUDIT SECTION**



**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***

To the Board of Directors  
Sutherlin School District No. 130

I have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sutherlin School District No. 130, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sutherlin School District No. 130's basic financial statements and have issued our report thereon dated December 11, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sutherlin School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Steve Tuchscherer'.

Steve Tuchscherer, CPA  
Umpqua Valley Financial  
December 11, 2018





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

To the Board of Directors  
Sutherlin School District No. 130

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

I have audited Sutherlin School District No. 130's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sutherlin School District No. 130's major federal programs for the year ended June 30, 2018. Sutherlin School District No. 130's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Sutherlin School District No. 130's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sutherlin School District No. 130's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

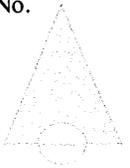
I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Sutherlin School District No. 130's compliance.

**Opinion on Each Major Federal Program**

In my opinion, Sutherlin School District No. 130 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control over Compliance**

The management of Sutherlin School District No. 130 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered Sutherlin School District No. 130's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Sutherlin School District No. 130's internal control over compliance.



*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



Steve Tuhscherer, CPA  
Umpqua Valley Financial  
Roseburg, Oregon  
December 11, 2018

**SUTHERLIN SCHOOL DISTRICT #130**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED June 30, 2018**

Federal Grantor/Pass Through Grantor/ Program Title	Grant Fund	Federal CFDA Number	Grant Period	Original Program or Grant Amount	(Receivable)/ Deferred Revenue June 30, 2017	Cash Received	Expenditures	(Receivable)/ Deferred Revenue June 30, 2018
<b>U.S. DEPARTMENT OF EDUCATION</b>								
<b>Passed Through Oregon Department of Education:</b>								
Title IA - Grants to Local Education Agencies	Grants Fund	84.010	2017-18	434,803	\$ -	\$ 214,283	\$ 389,414	\$ (175,131)
Title IA - Grants to Local Education Agencies	Grants Fund	84.010	2016-17	367,722	(161,727)	179,818	18,091	-
Total Title I				802,525	(161,727)	394,101	407,505	(175,131)
Title II-A Teacher Quality	Grants Fund	84.367	2016-17	72,095	(27,861)	29,393	1,532	-
Title II-A Teacher Quality	Grants Fund	84.367	2017-18	56,860	-	24,695	47,257	(22,562)
Total Title I I-A				128,955	(27,861)	54,088	48,789	(22,562)
Rural Education	Grants Fund	84.358	2016-17	27,060	(6,470)	12,815	6,345	-
Rural Education	Grants Fund	84.358	2017-18	21,915	-	13,165	15,900	(2,735)
Total Rural Education				48,975	(6,470)	25,980	22,245	(2,735)
Student Support & Academic Enrichment - Title IV-A	Grants Fund	84.424			-	-	-	-
Student Support & Academic Enrichment - Title IV-A	Grants Fund	84.424	2017-18	11,135	-	-	10,513	(10,513)
Total Student Support & Academic Enrichment				11,135	-	-	10,513	(10,513)
IDEA - Special Education Grants to States	Grants Fund	84.027A	2017-18	210,386	-	118,370	210,386	(92,016)
IDEA - Special Education Grants to States	Grants Fund	84.027A	2016-17	220,290	(96,108)	96,893	785	-
IDEA - Enhancement & Extended Assessment Training	Grants Fund	84.027A	2017-18	2,652	-	-	908	(908)
IDEA - Special Ed Preschool Grant	Grants Fund	84.173	2015-16	1,574	(32)	32	-	-
IDEA - Special Ed Preschool Grant	Grants Fund	84.173	2016-17	2,218	(63)	2,218	2,155	-
IDEA - Special Ed Preschool Grant	Grants Fund	84.173	2017-18	2,117	-	2,117	2,117	-
IDEA - SPR & I	Grants Fund	84.027	2017-18	1,937	-	542	1,937	(1,395)
Total IDEA				441,174	(96,203)	220,172	218,288	(94,319)
<b>Total Passed through Oregon Department of Education</b>				<b>\$ 1,432,764</b>	<b>\$ (292,261)</b>	<b>\$ 694,341</b>	<b>\$ 707,340</b>	<b>\$ (305,260)</b>
<b>Passed through Other Intermediate Sources:</b>								
Title III Consortium	Grants Fund	84.031	2017-18	1,189	-	1,189	1,189	-
Title III Consortium	Grants Fund	84.031	2016-17	1,803	(1,803)	1,803	-	-
Carl Perkins Vo-Ed Basic Grants to States	Grants Fund	84.048A	2016-17	13,755	(564)	564	-	-
Carl Perkins Vo-Ed Basic Grants to States	Grants Fund	84.048A	2017-18	13,400	-	10,923	13,400	(2,477)
<b>Total Passed through Other Intermediate Sources</b>				<b>\$ 30,147</b>	<b>\$ (2,367)</b>	<b>\$ 14,479</b>	<b>\$ 14,589</b>	<b>\$ (2,477)</b>
<b>Total General Fund and Grants and Projects Fund</b>				<b>\$ 1,462,911</b>	<b>\$ (294,628)</b>	<b>\$ 708,820</b>	<b>\$ 721,929</b>	<b>\$ (307,737)</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>								
<b>Passed through the State of Oregon Department of Environmental Quality</b>								
State Clean Diesel Grant Program - ARRA	Transportation Fun	66.040	2017-18	\$ 34,000	\$ -	\$ 34,000	\$ 34,000	\$ -
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<b>Passed Through Oregon Department of Education:</b>								
Commodities	* Food Service	10.555	2017-18	\$ 46,531	\$ -	\$ 46,531	\$ 46,531	\$ -
National School Lunch - Breakfast	* Food Service	10.553	2017-18	127,904	-	123,734	127,904	(4,170)
National School Lunch - Breakfast	* Food Service	10.553	2016-17	123,559	(3,984)	3,984	-	-
National School Lunch - Section 4	* Food Service	10.555	2017-18	306,702	-	297,750	306,702	(8,952)
National School Lunch - Section 4	* Food Service	10.555	2016-17	308,073	(9,071)	9,071	-	-
After School/Snack Program 1	* Food Service	10.558	2017-18	1,109	-	1,109	1,109	-
After School/Snack Program 2	* Food Service	10.558	2016-17	13,884	(166)	166	-	-
After School/Snack Program 2	* Food Service	10.558	2017-18	17,454	-	17,149	17,454	(305)
Summer Food Program	* Food Service	10.559	2016-17	12,894	(5,505)	5,505	-	-
Summer Food Program	* Food Service	10.559	2017-18	8,036	-	5,630	8,036	(2,406)
Total National School Lunch Program				966,146	(18,726)	510,629	507,736	(15,833)
<b>Passed Through Douglas County:</b>								
School and Roads - Grants to States	General Fund	10.665	2017-18	150,624	-	150,624	150,624	-
<b>Total U.S. Department of Agriculture</b>				<b>\$ 1,116,770</b>	<b>\$ (18,726)</b>	<b>\$ 661,253</b>	<b>\$ 658,360</b>	<b>\$ (15,833)</b>
<b>TOTALS</b>				<b>\$ 2,613,681</b>	<b>\$ (313,354)</b>	<b>\$ 1,404,073</b>	<b>\$ 1,414,289</b>	<b>\$ (323,570)</b>

**SUTHERLIN SCHOOL DISTRICT NO. 130**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

---

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of Sutherlin School District No. 130 under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sutherlin School District No. 130, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sutherlin School District No. 130.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 – INDIRECT COSTS RATE**

Sutherlin School District No. 130 has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

# **SUTHERLIN SCHOOL DISTRICT NO. 130**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2018

---

### **Section I—Summary of Auditor’s Results**

1. The auditor’s report expresses an unqualified opinion on the financial statements of Sutherlin School District No. 130 in accordance with GAAP.
2. No material weaknesses or significant deficiencies in internal control related to the financial statement audit were identified which are required to be reported.
3. No instances of noncompliance material to the financial statements of Sutherlin School District No. 130 were disclosed during the audit.
4. The auditor’s report on compliance for the major federal award program expresses an unmodified opinion.
5. The audit did not disclose any findings that are required to be reported.
6. The program tested as a major program was the National School Lunch Cluster, CFDA 10.553, 10.555, 10.558 and 10.559.
7. The threshold for distinguishing between Type A and B programs was \$750,000.
8. The District was determined to be a low-risk auditee.

### **Section II—Financial Statements Findings**

No findings related to the financial statements are reported in accordance with *Government Auditing Standards* for the year ended June 30, 2018.

### **Section III—Findings and Questioned Costs for Federal Awards.**

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

# SUTHERLIN SCHOOL DISTRICT NO. 130

## Oregon Department of Education Form 581-3211-C For the Fiscal Year Ended June 30, 2018

### SUPPLEMENTAL INFORMATION 2017-2018

Part A is needed for computing Oregon's full allocation for ESEA, Title 1 & other Federal Funds for Education

**B. Energy Bills for Heating - All Funds:**

Please enter your expenditures for electricity  
& heating fuel for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$ 265,193
Function 2550	\$ 2,990

**C. Replacement of Equipment - General Fund:**

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

Exclude these functions:

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

Exclude these functions:

4150      Construction  
2550      Pupil Transportation  
3100      Food Service  
3300      Community Services

	\$ -
--	------