

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30th, 2018



**Administrative School District No. 1
(Bend - La Pine Schools)
Deschutes County, Oregon**

**520 NW Wall St.
Bend, OR 97703**

**ADMINISTRATIVE SCHOOL DISTRICT NO. 1
(BEND – LA PINE SCHOOLS)
DESCHUTES COUNTY, OREGON**

520 NW Wall Street
Bend, OR 97703



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2018

Prepared by the Business Office
Brad Henry – Chief Operations and Financial Officer

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INTRODUCTORY SECTION



"Education is the most powerful weapon for changing the world"
Nelson Mandela





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Education Center
520 NW Wall Street
Bend, OR 97703
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November 30, 2018

To the Board of Directors and citizens of Deschutes County Administrative School District No. 1 (Bend-La Pine Schools):

We are pleased to submit the Comprehensive Annual Financial Report of Administrative School District No. 1, Deschutes County, Oregon (Bend-La Pine Schools or the District), as of and for the year ended June 30, 2018. Oregon Revised Statutes 297.425 requires the accounts and fiscal affairs of the district be audited and reviewed at least once each fiscal year. This report is published to accomplish that requirement.

Audits and reviews required by Oregon Revised Statutes 297.425 shall inquire into:

- The principles of accounting and methods followed by Bend-La Pine Schools in recording, summarizing and reporting its financial transactions and financial condition;
- The accuracy and legality of the transactions, accounts, records, files and financial reports of the officers and employees of Bend-La Pine Schools as they relate to its fiscal affairs; and
- Compliance with requirements, orders and regulations of other public officials which pertain to the financial condition or financial operations of Bend-La Pine Schools.

The management of Bend-La Pine Schools assumes full responsibility for the completeness and reliability of the information contained in this report. The District maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

SGA Certified Public Accountants and Consultants, LLP (SGA), issued an unmodified ("clean") opinion on Bend-La Pine Schools' financial statements for the year ended June 30, 2018. SGA's audit opinion report is located at the front of the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit also was designed to meet the special needs of federal grantor agencies as provided for in the Federal Single Audit Act and the Office of Management and Budget's (OMB) Uniform Guidance. These standards require the independent auditor not only report on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal awards. The results of the independent audit for the fiscal year ended June 30, 2018 indicated no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The independent auditor's reports related specifically to the Single Audit and

OMB Uniform Guidance are included in the Grant Compliance Review Section.

Management's discussion and analysis (MD&A) immediately follows SGA's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Bend-La Pine Schools Profile

Bend-La Pine Schools is the fifth largest school district in the State of Oregon. Located entirely in Deschutes County, the District covers approximately 1,700 square miles serving the Bend, La Pine, Sunriver, and surrounding communities. The District was formed in 1961 as the result of an election that consolidated five school districts.

Bend-La Pine Schools serves more than 18,300 students in kindergarten through grade twelve and currently operates 18 elementary schools, five middle schools, and seven high schools. There are also two district-sponsored charter schools.

The District is governed by a seven-member board elected to four-year terms, five members by zones based on voter precincts and two at-large members. The Board is the governing body, and as such is exclusively responsible for its decisions and is accountable for the decisions it makes. The Board is focused on policies that elevate student achievement and create world class schools. The latitude afforded under state law allows the School Board to significantly influence operations. This authority includes, but is not limited to, adoption and appropriation of the budget, control over all assets, negotiating collective bargaining agreements, short term borrowing, and contracting and developing the programs of the District. The Board of Directors together with seven appointed community members, comprises the 14 member Budget Committee. In addition, community members take an active role in the District's schools through volunteer programs, site committees and parent groups.

In FY2017-18, Bend-La Pine Schools employed approximately 2,026 permanent staff including 1,019 teachers, counselors and licensed specialists, 863 support staff, such as instructional assistants, secretaries, clerks and various professional or technical positions and a management team of 91 administrators and supervisors, including the Superintendent.

Strategic Plan

Bend-La Pine Schools' strategic plan is built on a simple, but profound promise: Every student in Bend-La Pine Schools is known by name, strengths, and needs and graduates ready for college, career, and citizenship.

To make this promise real for each of our students, Bend-La Pine Schools is redefining the way we resource, support, teach, and take responsibility for our students in order to ensure they have the skills and knowledge they need to not only participate in the global economy, but to lead it. We expect our students to create new businesses and non-profit organizations, to bring new vitality to existing services and enterprises, to invent new products and processes, and to create new opportunities for others around the world.

The Board of Directors, in partnership with district leadership, has provided clear direction and focus towards this promise through the development of the Board's Ends/Goals Policy and its eight key World Class Outcomes, defining what it means to live out the District's purpose of Educating Thriving Citizens. Using clear and focused measurements, we identified the

outcomes we strive for at Bend-La Pine Schools, and we continue to align our efforts and resources accordingly.

World Class Outcomes for Ensuring Student Success

We have created a defined profile of a Bend-La Pine Schools' graduate, which allows our vision to come alive for our students, parents, staff, and the greater community we serve. Our vision moves beyond words and sentences painted on school buildings to a tangible set of eight measurable outcomes, established by Bend-La Pine Schools' Board of Directors:

Academic Excellence

- Bend-La Pine Schools students' academic achievement will show continuous improvement in English Language Arts (reading and writing), mathematics and science and the percent of freshmen students on-track to graduate.
- Bend-La Pine Schools' annual progress in eliminating the achievement gap for all students will show continuous improvement in English Language Arts (reading and writing), mathematics and science and the percent of freshmen students on-track to graduate.
- Bend-La Pine Schools students' on-time 4-year cohort graduation rate will show continuous improvement.

Thriving Citizens

- Bend-La Pine Schools students will show continuous improvement in the demonstration of the essential skills and attributes of hope and engagement.
- Bend-La Pine Schools students' participation in extra and co-curricular activities will increase annually.

Future Ready

- Bend-La Pine Schools students' successful participation in advanced, career and technical, arts, world-language and post-secondary courses shall increase annually.
- Bend-La Pine Schools students will show continuous improvement in the demonstrated use of the essential 21st Century skills of critical thinking, communication, creativity and collaboration.
- Bend-La Pine Schools students shall show continuous advancement in the number of graduates entering 2- or 4-year colleges after graduation; college quarter credit hours while in high school; and the number of Career Technical Education (CTE) completers.

Local and State Economy

Bend-La Pine Schools is located entirely within Deschutes County. Deschutes County is the most populous county in the eastern part of Oregon with a 2015 population of approximately 176,600 people. With its varied topography, tourism is one of Deschutes County largest economic sectors. The Mount Bachelor ski resort and nearby Cascade Lakes are large draws for tourists. Recreational activities include downhill and cross country skiing, hiking, biking, rafting, golfing, camping, fishing, picnicking, rock climbing, and general sightseeing. Oregon State University - Cascades (OSU-Cascades) is located in Bend and is the first public university to open in Oregon in more than 50 years. Bend is also home to the Deschutes Brewery, the 8th

largest craft brewery in the nation and the largest of over a dozen microbreweries in the city.

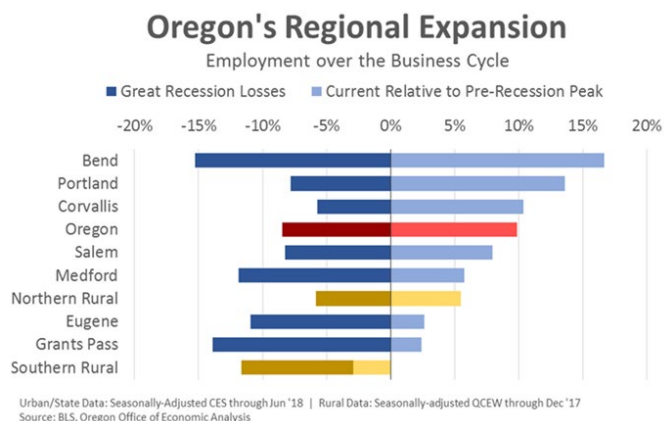
In FY2017-18, the taxable assessed value of property in Deschutes County increased by approximately 5.7 percent. The area's economic base has diversified significantly since 1980, when the region was known for its wood products. The top employers in the area are St. Charles Medical Center, a regional health service organization, Bend-La Pine Schools, Deschutes County, Sunriver Resort and Les Schwab. Due to its strong and healthy local economy, Bend-La Pine Schools has maintained a credit rating of Aa2 from Moody's Investor Service, the Aa2 rating is a little stronger than the US school districts median of Aa3. The key credit factors include an extensive tax base with a healthy wealth and income profile, a solid financial position, and mid-ranged debt and pension burdens.

According to a September 2018 report from the Oregon Economic and Revenue Forecast, Oregon's economic expansion continues to outperform the typical state due to our industrial structure and ability to attract and retain young, working-age households. The growth in jobs is slowing as the regional economy transitions down from economic expansion to more sustainable rates. This slowdown is broad-based across different sectors and regions within the state. Most importantly the slowing in Oregon's economy appears to have stabilized in the past year.

In Oregon, about half of industrial subsectors are slowing, while the other half are accelerating their hiring patterns. This is on par with past economic expansions and state-wide job growth has stabilized at around 2 percent annually. While medium-term economic outlook for Oregon is a bit gloomy, economic growth in 2018 and 2019 should be relatively strong. More importantly, expectations are for continued improvements in deeper measures of economic well-being. Oregon's economy follows the U.S. business cycle overall, albeit with more volatility. Job gains are enough to match population growth and absorb the workers coming back into the labor market. Wages are rising faster than in the typical state, as are household incomes. This pattern of slower gains, but also improvements in these deeper measures of economic well-being are expected to continue until the onset of the next recession.

The September 2018 report noted the good news is Oregon continues to hit the sweet spot. Job gains are enough to match population growth and absorb the workers coming back into the labor market.

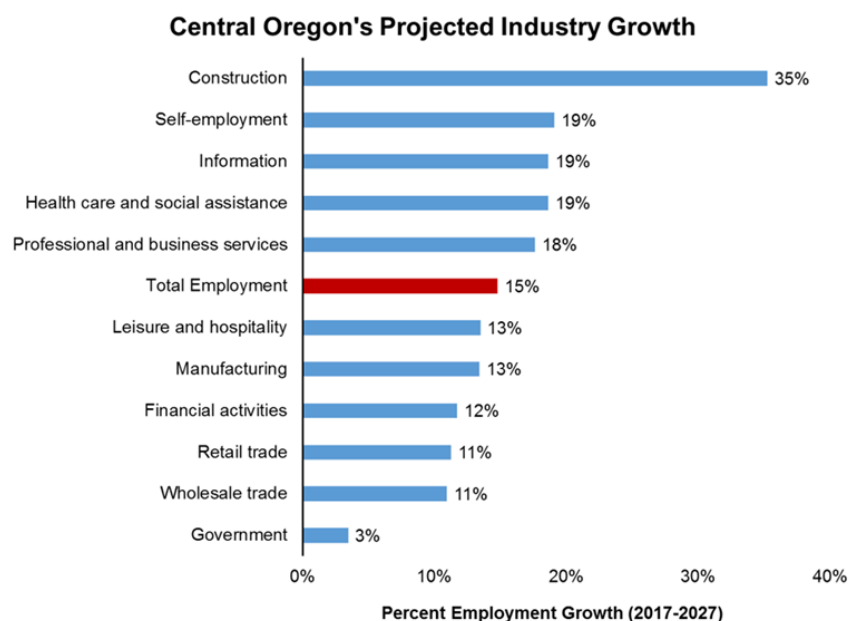
The following chart shows the relative strength of the Central Oregon's regional economy compared with other regions in the state.



Employment Outlook for Central Oregon

Central Oregon is projected to add jobs at a faster pace than any other part of Oregon over the next 10 years. Regional job growth is being driven by a growing population; an aging population; and the continuing transformation of the economy from a rural job base to a more urban composition. The three county region (Crook, Deschutes, and Jefferson) is expected to add nearly 15,000 jobs by 2027, a growth rate of 15 percent. Those employment forecast reports indicate the number of job openings is expected to be far larger than the 15,000 additional jobs in order to replace retiring workers and those moving to new occupations. For every one job opening due to economic growth more than eight replacement job openings are projected. Together growth and replacements are estimated to create 137,000 job openings by 2027.

The current labor market in Bend may be best described as tight and the job growth of 5 – 7 percent annually in time of economic expansion has exhibited signs of slowing in 2018 and coming years. This slower growth by itself should not be a concern and the economists note lots of good economic things happen at full employment. Chief among those good things are wages rise, as do household incomes. The biggest driving force behind Bend's income growth in recent years is the strong economy. More residents are working and an even bigger increase is seen among those working full-time. The following chart from the State of Oregon Employment Department shows the projected job growth for Central Oregon by industry.



State Support for Oregon Public Schools

Generally, Oregon public schools receive funding from two primary sources, local property taxes and a state school support grant, with the latter predominately from income taxes. The state's school support formula recognizes local property taxes as an offset to the payment due from the state.

Public schools, together with education service districts and community colleges have had an aggregate maximum property tax rate for operations of \$5.00 per \$1,000 of real market valuation since the passage of Ballot Measure 5 in 1990. On May 20, 1997, Oregon voters approved Ballot Measure 50, which limited the annual increase in taxable property values. Under Measure 50, the legislature is required to continue to fund revenue lost by schools due to property tax limitations and established a permanent tax rate of \$4.7641 per \$1,000 of assessed value on property for our district.

Since Ballot Measure 5 passed in 1990, school districts across Oregon rely upon the state for the majority of their financing. Even though districts collect revenue locally through the property tax, school funding is essentially equalized through the allocations under the state school fund, which accounts for more than 50% of the District's general fund revenue. The State of Oregon is more dependent upon a single revenue source, state income tax, than any other state in the country. Accordingly the financial outlook for the District is tied closely to the condition of the Oregon economy. The second most important source of revenue for the District, and the source of funds to pay its capital bonds, is local property taxes. Real estate values and associated assessed values of real property are the most important factor in the strength of this revenue source.

The 2017-19 Oregon legislatively adopted budget included \$8.2 billion for the State School Fund (SSF) which makes up the state portion of the amount distributed to School Districts and Education Service Districts (ESDs) through the school funding formula. The 2017-19 budget represents an increase of almost \$828 million, or about 11.2 percent, in total funds for the SSF over the 2015-17 funding level. Funding from the SSF was split evenly, 50/50, between the two school years of the biennium. Overall, general purpose funding for School Districts and ESDs depends on both the state contribution through the SSF and the contributions of local revenue including property taxes, timber revenue, and distributions from the Common School Fund. The FY2017-18 ending fund balance in the General Fund Operations sub fund of \$9.6 million includes planned savings for FY2018-19 to help mitigate the legislative shift to the 50/50 split.

Major Initiatives

In May 2017, voters approved a general obligation bond issue in the amount of \$268 million for the construction of a new high school, elementary school, and other capital projects. School bond projects will increase student and staff safety, improve access to school sites, and address chronic overcrowding through upgrades and updates made to schools and classrooms throughout the district.

- New High School: Architects are deep into the design process and shared exterior and interior renderings. The building is slated to open in fall of 2021.
- Bend Senior High School: Master planning for the school started in April 2018 and will continue in the fall and winter.
- Other construction projects include a complete modernization of Pilot Butte Middle School as well as safety, technology, and maintenance projects throughout the district.

- New Elementary School: Construction is underway and the building is slated to open in fall of 2019.



- Collective bargaining: The District will enter into negotiations with the Bend Education Association (certified) and the Oregon School Employees Association (classified) beginning sometime in 2019.

Long-term Financial Planning

We forecast revenues, expenditures and fund balance in a five-year rolling plan. Revenue forecasts consider historical increases in formula revenue from the State with adjustments for current information, as well as increases tied to the consumer price index for other types of revenues. Forecasts for salary expenditures consider contracts with employee associations while forecasts for non-salary items consider the increase in the consumer prices index as well as other external factors. The long-term impact of adding additional schools is also considered.

Because approximately one-half of operational funding is derived from state income tax, the Board of Directors instituted an executive limit that prohibits management from proposing an ending fund balance less than five percent of total revenue in the general fund operations. The FY2017-18 adopted budget included an ending fund balance for general fund operations that was set at 4.5 percent of resources, recognizing the impact of expenditures related to the severe winter storm of 2017. The actual FY2017-18 ending fund balance was approximately \$9.95 million net of a FEMA reimbursement of \$1.1 million. The \$9.95 million is about 5.5 percent of resources in the general fund operations sub fund and reflects planned savings to help allay increased expenses in the second year of the biennium and the 50/50 split of the State School Fund distribution.

Relevant Financial Policies and Information

Bend-La Pine Schools has adopted a comprehensive set of financial policies. District

management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) and statutory requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2018, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Control

Bend-La Pine Schools maintains numerous budgetary controls. The objective of these budgetary controls is to ensure compliance with the requirements of Local Budget Law as outlined in the Oregon Revised Statutes 294.305 through 294.565, inclusive. The Board of Directors adopts the annual budget, makes appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared. After adoption, the budget may be revised through procedures specified in State statute and Board policy.

The District also maintains an encumbrance accounting system to account for commitments for goods and services, which have not yet been provided or rendered. Encumbrances outstanding at year-end are not reported as expenditures in the financial statements for GAAP purposes.

Accounting Policies

Detailed descriptions of the District's accounting policies are contained in the Notes to Basic Financial Statements on pages 27-59, and they are an integral part of this report. These policies describe the basis of accounting, funds and accounts used, valuation policies for inventories and investments, and other significant accounting information.

Charter Schools

Oregon statute provides state funding for charter schools that flows through the district for schools that local boards of education have granted a charter. The District sponsors two charter schools; Bend International School and Desert Sky Montessori. The charter schools are not considered a component unit of the District under GASB 61.

Debt Administration

We have been very active in managing our debt over the last 30 years. Many general obligation issues have been "refunded" (refinanced), saving millions for taxpayers by locking in lower interest rates and shortening the maturity of the bonds. In April 2016 the remaining \$4 million of the 2013 general obligation bond was issued. In August 2017, the District issued \$175 million of the 2017 general obligation bonds approved by the voters.

In November 2002, the district joined a state-wide consortium to issue \$40.9 million of taxable

pension bonds to finance a portion of the estimated 2001 unfunded actuarial liability with the Oregon Public Employees Retirement System (PERS). In April 2003, the District participated in the second state-wide effort to issue \$25.3 million of taxable pension bonds to apply to the estimated unfunded actuarial liability with the PERS. In February 2004, the District we participated in the third state-wide effort to issue \$5.9 million of taxable pension bonds to apply to the unfunded actuarial liability. As a result of these pension bond issuances the PERS employer rates will be lower than the rates assessed for the school district pool for the foreseeable future.

Debt limit is established by Oregon law, specifically ORS 328.245(1) and (2), at 7.95 percent of the real market value of property within the taxing district's boundary. At June 30, 2018 our net bonded debt is \$1,748,525,368 less than the statutory debt limit.

Independent Audit

The provisions of Oregon law, specifically ORS 297.425 through 297.555 require that an independent audit be made of all public school district funds within six months following the close of each fiscal year. The auditors, selected by the Board of Directors, have completed their audit of our financial statements and their opinion is included in the Financial Section of this report.

This report also includes Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules. In addition, the District is required to have an audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Compliance Supplement and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to the financial and compliance audits. A report on the District's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Compliance Supplement is included with this report beginning on page 124.

Awards

ASBO Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2017. Receiving this award is recognition that we have met the highest standards of excellence in school financial reporting as adopted by the Association of School Business Officials International.

We have received a Certificate of Excellence for the last 34 years. We believe our current report continues to conform to the Certificate of excellence program requirements, and we are submitting it to ASBO for review.

GFOA Certificate of Achievement of Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for our Comprehensive Annual Financial Report for the year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily

readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We have received a Certificate of Achievement for the last 35 years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

Acknowledgments

We wish to express our appreciation to the entire Business Department staff and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We also wish to extend our appreciation to the members of the Board of Directors for their expectations of excellence, and their dedication to our financial operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brad Henry", with a stylized flourish at the end.

Brad Henry
Chief Operating and Financial Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

**Administrative School District No. 1,
Deschutes County, Oregon**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Administrative School District No. 1

(Bend - La Pine Schools)

Deschutes County, Oregon

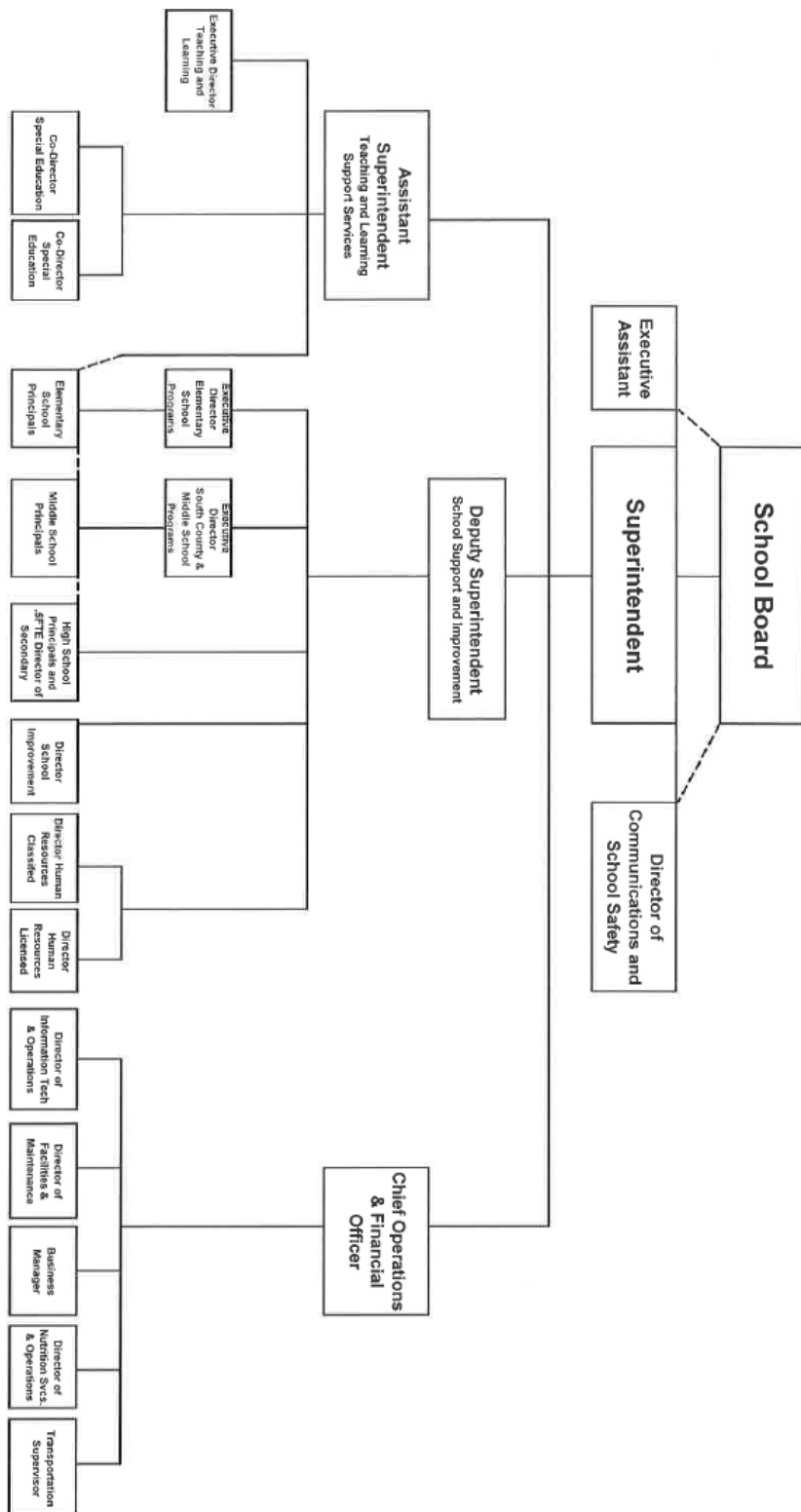
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**Administrative School District No. 1
Deschutes County, Oregon
Organizational Chart
June 30, 2018**



Administrative School District No. 1
Deschutes County, Oregon
Principal Officials
June 30, 2018

BOARD OF DIRECTORS

Andy High - Chair Bend, Oregon	June 30, 2019
Cheri Helt Bend, Oregon	June 30, 2021
Ron Gallinat Bend, Oregon	June 30, 2019
Peggy Kinkade Bend, Oregon	June 30, 2019
Dr. Stuart Young La Pine, Oregon	June 30, 2021
Julie Craig Bend, Oregon	June 30, 2021
Carrie Douglass Bend, Oregon	June 30, 2021

ADMINISTRATIVE STAFF

Shay Mikalson	Superintendent
Brad Henry	Chief Operations and Financial Officer

The above members of the Board and administrative staff can be reached by mail at 520 NW
Wall Street, Bend, OR 97703



FINANCIAL SECTION



"Our greatest natural resource is the minds of our children"
Walter Elias Disney





To the Board of Directors
Administrative School District No. 1
Deschutes County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Administrative School District No. 1, Deschutes County, Oregon (the District) 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Special Revenue Fund 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, and the schedules identified as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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 not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Supplementary Information, Budgetary Comparisons, Introductory Section, Statistical Section and Other Information Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Emphasis of a Matter

As described in IV. G. to the financial statements, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, during the fiscal year ended June 30, 2018. As further described in Note IV, N, the net position of the District's government wide activities as of June 30, 2017 has been restated to reflect the change in accounting principle. Our opinion is not modified with respect to this matter.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the District's internal control over financial reporting and on our tests of 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 30, 2018, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

November 30, 2018



Management's Discussion and Analysis

Management's Discussion and Analysis

The management of Bend-La Pine Schools (District) presents this narrative overview to facilitate both a short and long-term analysis of the financial activities of the District for the fiscal year ended June 30, 2018. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. We encourage readers to consider the information presented here in conjunction with additional information provided in the Transmittal Letter found on pages iv – viii of this report.

Financial Highlights

Key financial highlights for FY2017-18 are as follows:

- The District's net position of governmental activities increased by \$11.7 million which represents a 62 percent increase from FY2016-17.
- For governmental activities general revenues accounted for \$214 million, 89 percent of total revenues of \$240 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for almost \$26 million, 11 percent of total revenues.
- The District had \$228.4 million in expenses related to governmental activities; only \$26 million was offset by program specific charges for services, grants or contributions. General revenues of \$213.9 were adequate to provide for the governmental activities of the District.
- The District's net pension liability decreased by \$16.0 million.
- At the end of FY2017-18, the District's governmental funds reported a combined fund balance of \$202.7 million, an increase of \$172.8 million from FY2016-17.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements comprise three components.

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

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

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The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the District's net position changed during FY2017-18. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period. Examples of such items include earned, but uncollected property taxes, and earned, but unused compensated absences.

The governmental activities of the District include the following:

- Instruction
 - Regular instruction
 - Special programs including summer school
- Support Services
 - Students
 - Instructional staff
 - General administration
 - School administration
 - Business, transportation and maintenance
 - Central activities
 - Supplemental retirement program
- Enterprise and Community Services
 - Food services
 - Other enterprise and community services

The government-wide financial statements can be found on pages 18 and 19 in the basic financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to demonstrate transparency and ensure compliance with finance-related legal requirements.

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 21 and 23 in the basic financial statements.

The District maintains four governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances. The four governmental funds are:

- General
- Special Revenue
- Debt Service
- Capital Projects

Fiduciary fund. The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on page 26. These activities are excluded from the District's other financial statements because the assets cannot legally be utilized by the District to finance its operation.

The District adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the Special Revenue Fund as required supplementary information on pages 25 and 26. Budgetary comparisons for the Debt Service Fund and Capital Projects Fund funds have been provided as other supplementary information on pages 77 and 78.

The governmental fund financial statements can be found on pages 20 and 22 in the basic financial statements.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are an integral part of the financial statements and should be read in conjunction with them.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Other supplementary information. The combining schedules of the General Fund sub funds and budgetary comparisons follow the required supplementary information in this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial health. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$30.5 million at the close of the fiscal year ending June 30, 2018, an increase of \$11.5 million.

A majority of the District's net position reflects its investment in capital assets (e. g. land, buildings, vehicles and equipment) less depreciation and any outstanding related debt used to acquire those assets. At June 30, 2018 this portion of the net position is positive which indicates the District has \$146 million more in capital assets, net of depreciation, than associated debt. The District uses capital assets to provide services to students and other district residents, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources required to pay the debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, which consist of land, buildings, land improvements, construction in progress, vehicles, and equipment, represent about 60 percent of total assets. This percentage decreased from FY2016-17 as a result of an influx of cash from issuing \$175 million general obligation bonds in August 2017. Information on capital asset activities is presented on page 39.

The District's largest liability, accounting for 70 percent of total liabilities, is the long-term portion of general obligation bonds and other debt. The Net Pension Liability is the next largest liability and accounts for approximately 22 percent of total liabilities. Together the long-term debt and net pension liability represent 92 percent of total liabilities. Current liabilities, represent about 8 percent of total liabilities, consist of payables on accounts, benefits, and the current portion of long-term debt. Information on long-term debt activity is presented on pages 53-55.

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The District as a Whole

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for June 30, 2018 and June 30, 2017.

	<u>Governmental Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Capital assets	\$ 334,942,000	\$ 318,782,000	\$ 16,160,000
Current and other assets	224,697,000	45,005,000	179,692,000
<u>Total assets</u>	<u>559,639,000</u>	<u>363,787,000</u>	<u>195,852,000</u>
Deferred outflow of resources	52,408,000	82,588,000	(30,180,000)
Long-term liabilities	534,841,000	390,770,000	144,071,000
Current liabilities	44,926,000	34,662,000	10,264,000
<u>Total liabilities</u>	<u>579,767,000</u>	<u>425,432,000</u>	<u>154,335,000</u>
Deferred inflows of resources	2,009,000	1,181,000	828,000
Net Position			
Net investment in capital assets	146,069,000	127,031,000	19,038,000
Restricted	14,959,000	18,345,000	(3,386,000)
Unrestricted	(130,756,591)	(126,579,000)	(4,177,591)
<u>Total net position</u>	<u>\$ 30,271,000</u>	<u>\$ 18,796,000</u>	<u>\$ 11,474,000</u>

Rounded to nearest thousand

* Restated beginning net position for fiscal year 2017 as part of the implementation of GASB 75

Governmental activities

The District's net position increased by approximately \$11.5 million in FY2017-18. Capital assets increased by \$16 million and changes in pension related liabilities, deferred inflows and deferred outflows decreased net position by \$13.5 million. There was a net decrease in the restriction for capital projects of \$4.3 million and an increase in current resources of \$5 million to help mitigate the 50/50 split of State School Funding.

The Statement of Activities shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. The following table shows the changes in net position for governmental activities between FY2017-18 and FY2016-17.

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Changes in Net Position, Fiscal Year Ended June 30

	Governmental Activities		
	2018	2017	Change
Revenues			
Programs revenues			
Charges for services	\$ 4,135,000	\$ 3,944,000	\$ 191,000
Operating grants and contributions	20,958,000	18,776,000	2,182,000
Capital grants and contributions	873,000	713,000	160,000
General revenues			
Property taxes	106,462,000	93,329,000	13,133,000
Federal aid not restricted to specific purposes	1,292,000	-	1,292,000
State aid not restricted to specific purposes	92,740,000	84,340,000	8,400,000
Intermediate aid not restricted to specific purposes	2,718,000	2,497,000	221,000
Earnings on investments	1,851,000	610,000	1,241,000
Other local revenue	3,393,000	4,618,000	(1,225,000)
Insurance proceeds	5,441,000	-	5,441,000
Total Revenues	239,863,000	208,827,000	31,036,000
Expenses			
Instruction	113,857,000	107,540,000	6,317,000
Support services	89,997,000	86,545,000	3,452,000
Enterprise and community services	8,776,000	7,984,000	792,000
Interest on long-term liabilities	15,757,000	12,416,000	3,341,000
Total Expenses	228,387,000	214,485,000	13,902,000
Changes in net position	11,475,000	(5,658,000)	17,133,000
Net position - July 1 as previously reported	18,796,000	27,833,000	(9,037,000)
Restated GASB 75 and prior period	-	(3,379,000)	-
Net position June 30	\$ 30,271,000	\$ 18,796,000	\$ 11,475,000

Rounded to nearest thousand

* Restated beginning net position for fiscal year 2017 as part of the implementation of GASB 75

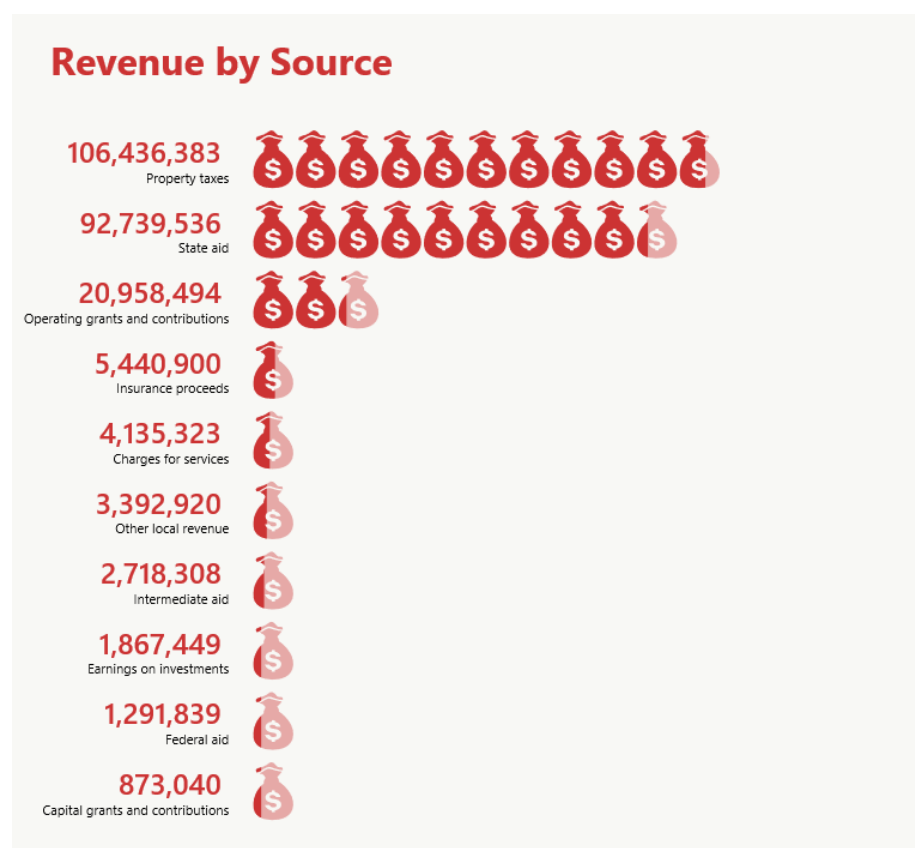
The increase in operating grants and contributions is from the High School Success program created as a result of the passage of Measure 98 and funding for outdoor school. The increase in property taxes is the result of the increase in assessed values in Deschutes County. The \$1.2 of federal aid and \$5.4 million of insurance proceeds received in FY2017-18 are reimbursements for damages and costs incurred as a result of the severe winter storm in 2017.

As a result of the implementation of GASB 75, beginning net position was restated as of July 1, 2017 to account for OPEB liability and related deferred inflows and outflows as of the beginning of FY2016-17 based on actuarial data for the prior measurement date. Since the prior measurement date only related to data for restatement of the beginning of FY2017-18, and no prior measurement data was provided by the actuaries related to FY2015-16, there is no way to restate the FY2016-17 data for the purposes of the comparison in the MD&A. Therefore the FY2017-18 information is presented in the same manner as it was in the FY2016-17 MD&A.

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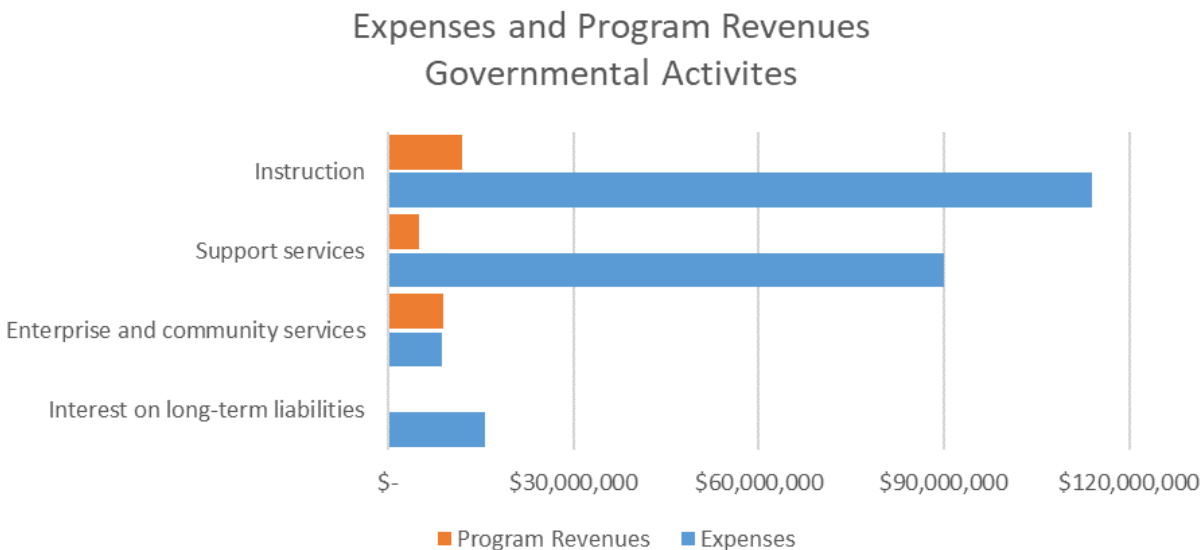
Net position of the District's governmental activities increased by almost \$11.5 million. Total governmental expenses of \$228 million were offset by program revenues of \$26 million and general revenues of \$214 million. Program revenues supported about 11 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and state aid. Together these sources total \$199 million and represent 83 percent of total governmental revenue.



Overall expenses increased by \$13.9 million or about 7 percent. This increase was primarily the result of increases to classroom instruction and interest on long-term liabilities. The increase in classroom instruction was driven in part by contractual increases along with the newly established High School Success program, created as a result of the passage of Measure 98. These funds supported new high school programs, enhanced Career and Technical Education (CTE) offerings, intensified dropout prevention and increased college and career pathways for students.

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The District's Funds

The District's governmental funds (as presented on the balance sheet on page 21) reported a FY2017-18 combined fund balance of \$202 million, an increase of almost \$173 million compared with the FY2016-17 combined fund balance of \$29.9 million. The increase in the combined fund balance is primarily the result of the issuance of general obligation bonds in August 2017. The following schedule shows the fund balance and change in fund balance as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Change
General	17,071,000	11,620,000	5,451,000
Special Revenue	8,164,000	7,526,000	638,000
Debt Service	2,835,000	1,937,000	898,000
Capital Projects	175,098,000	8,764,000	166,334,000
Total fund balances	203,168,000	29,847,000	173,321,000

Rounded to nearest thousand

General Fund

The District's general fund balance increased by \$5.5 million. A portion of the increase is attributable to the receipt of FEMA reimbursements for emergency snow removal costs incurred in FY2016-17. Other factors include planned savings to cover expected increases in operating costs in the second year of biennium and to offset the 50/50 split of the State School Fund over the 2015-17 biennium. In prior bienniums the State School Fund was split 49/51.

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The following table summarizes the revenues and expenditures for FY2017-18 and FY2016-17.

	FY2017-18	FY2016-17	Percentage change
Revenues			
Property taxes	\$ 75,844,000	\$ 71,058,000	6.7%
Investment earnings	5,114,000	4,138,000	23.6%
Other local sources	671,000	426,000	57.5%
Intermediate sources	2,572,000	2,433,000	5.7%
State sources	86,807,000	78,919,000	10.0%
Federal grants	1,310,000	79,000	1558.2%
Total revenues	\$ 172,318,000	\$ 157,053,000	9.7%
Expenditures by function			
Instruction	\$ 103,544,000	\$ 95,222,000	8.7%
Support services	61,556,000	59,984,000	2.6%
Community services	285,000	263,000	8.4%
Debt service	704,000	704,000	0.0%
Capital outlay	1,025,000	2,791,000	-63.3%
Total expenditures	\$ 167,114,000	\$ 158,964,000	5.1%

Rounded to nearest thousand

The increase in property taxes reflects the growth in assessed valuation in Deschutes County. Investment earnings continue to reflect the increase in interest rates. The decrease in other local sources reflects a decline in print shop revenues reflecting the District's migration to digital instructional materials. The increase in State sources is a result of enrollment growth and more funding in the second year of the state's biennium. The increase in investment earnings is due to higher interest rates.

The largest expenditure line items, instruction and support services, increased over FY2016-17. These expenditures increased to meet the growth in student enrollment, contractual obligations with employees, and increases in the employer pension rate. The percent change in support services reflects unanticipated emergency snow removal costs in FY2016-17 that were not incurred in FY2017-18.

The decrease in capital outlay reflects FY2016-17 investments made in technology infrastructure and buses that were not recurring transactions in FY2017-18. The District invested about \$550,000 into modular classrooms, increasing capacity to accommodate growth in enrollment.

General Fund Budgeting Highlights

Original budget compared to final budget. There were no changes to the FY2017-18 original budget.

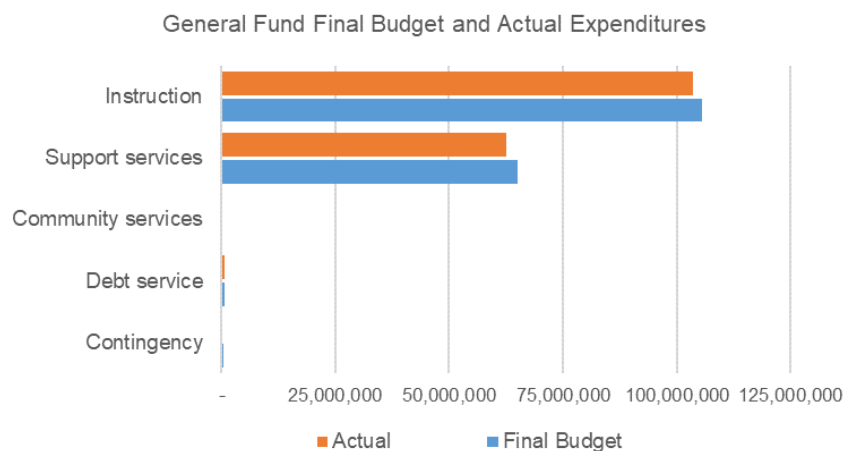
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Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual revenues	Change
Property taxes	\$ 73,888,000	\$ 75,844,000	\$ 1,956,000
State sources	87,877,000	86,807,000	(1,070,000)
Other local sources	4,741,000	5,114,000	373,000
Federal sources	28,000	1,310,000	1,282,000
Investment earnings	262,000	671,000	409,000
Intermediate sources	2,575,000	2,572,000	(3,000)
Total revenues	\$ 169,371,000	\$ 172,318,000	\$ 2,947,000

The differences in property taxes, state sources and other local sources are all components of the State School Fund formula. When property tax revenues and certain local sources like the County School Fund are more than estimates State sources are reduced accordingly. The difference in federal sources reflects the FEMA reimbursement for costs incurred during the severe winter storm of 2017. The increase in investment earnings is attributable to rising interest rates.

A review of actual expenditures compared to appropriations in the final budget yields no significant variances and the District did not use any of the contingency appropriations. FY2017-18 General Fund adopted appropriations are \$172.3 million and actual budget basis expenditures are \$167.1 million, which was \$5.2 million lower than the final budget appropriations. This is consistent with the District's conservative budgeting and spending practices.



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Special Revenue Fund

The District's special revenue fund balance increased by \$1.1 million. The following table summarizes the revenues and expenditures for FY2017-18 and FY2016-17.

	FY2017-18	FY2016-17	Percentage change
Revenues			
Investment earnings	\$ 62,000	\$ 19,000	226.32%
Other local sources	8,454,000	8,841,000	-4.38%
Intermediate sources	823,000	432,000	90.51%
State sources	2,968,000	604,000	391.39%
Federal grants	11,209,000	11,340,000	-1.16%
Total revenues	\$ 23,516,000	\$ 21,236,000	10.74%
Expenditures by function			
Instruction	\$ 9,118,000	\$ 8,552,000	6.62%
Support services	4,100,000	3,027,000	35.45%
Community services	8,993,000	8,229,000	9.28%
Capital outlay	565,000	134,000	321.64%
Total expenditures	\$ 22,776,000	\$ 19,942,000	14.21%

Rounded to nearest thousand

The increase in State sources is High School Success, a new program initiated by ballot Measure 98. FY2017-18 was the first year of implementation and includes an initial allocation of \$1.7 million from the High School Success fund. The measure provides funding to establish or expand programs in three specific areas:

- Dropout Prevention
- Career and Technical Education
- College Level Education Opportunities

The increase in intermediate sources and decrease in other local sources reflects the reclassification of funds received from the High Desert ESD in FY2017-18.

The increase in expenditures for instruction and support services are related to the High School Success program. The increase in capital outlay reflects the construction of leasehold improvements for Skyline and Realms high schools in FY2017-18.

Long-term Debt

At June 30, 2018, the District had total debt outstanding of approximately \$399.2 million consisting of general obligation bonds, limited tax pension bonds, notes payable and full faith and credit obligations, net of unamortized premium/discount.

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During FY2017-18, the District's total debt increased by \$152.6 million, almost 62 percent. The increase is the result of issuing \$175.0 million general obligation bonds. The District plans to issue the balance, \$93.3 million, of the \$268.3 million approved by the District's voters at the May 2017 election in calendar year 2019. The debt service fund had \$38.4 million in revenues and \$38.0 million in expenditures for regularly scheduled debt service payments. In FY2017-18 the debt service fund balance increased by \$.4 million from \$2.0 million to \$2.4 million. The fund balance increase was the product of the growth in investments earnings and local revenues used to support the Summit Field debt service.

The following table summarizes the debt outstanding at June 30, 2018 and 2017.

	Governmental Activities		
	FY2017-18	FY2016-17	Change
General obligation bonds	\$ 332,610,000	\$ 175,635,000	\$ 156,975,000
Limited tax pension obligation bonds	61,528,000	64,593,000	(3,065,000)
Full faith and credit bonds	3,345,000	3,920,000	(575,000)
Notes payable	1,675,000	2,322,000	(647,000)
<u>Total outstanding debt</u>	<u>\$ 399,158,000</u>	<u>\$ 246,470,000</u>	<u>\$ 152,688,000</u>

Rounded to nearest thousand

The District's general obligation debt is issued with the Oregon School Bond Guaranty. The outstanding general obligations of the State are rated "AA+" by Fitch, "Aa1" by Moody's Investors Service and "AA+" by S&P Global Ratings. In April 2018, Moody's confirmed the District's Aa2 bond rating in its Issuer Comment Report.

State statutes limit the amount of general obligation debt a school district may issue to 7.95 percent of its total real market valuation. The current debt limitation of the District is approximately \$2 billion and the District is well within this limit. The current legal debt margin is approximately \$1.7 billion. More detailed information on long-term debt activity can be found in the notes to the basic financial statements beginning on page 27.

Capital Projects Fund

The District's capital projects fund balance increased by \$166.5 million, reflecting the issuance of \$175 million of general obligation bonds and \$5.3 of insurance proceeds for losses incurred during the severe winter storm of 2017. The following table summarizes the revenues and expenditures for FY2017-18 and FY2016-17.

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	FY2017-18	FY2016-17	Percentage change
Revenues			
Investment earnings	\$ 763,000	\$ 64,000	\$ 699,000
Other local sources	18,000	2,091,000	(2,073,000)
Proceeds from insurance	5,317,000	-	5,317,000
General obligation bonds issued	175,000,000	-	175,000,000
Premium from general obligation bonds	12,809,000	-	12,809,000
<u>Total revenues and other financing sources</u>	<u>\$ 193,907,000</u>	<u>\$ 2,155,000</u>	<u>\$ 191,752,000</u>
Expenditures			
Facilities acquisition and construction	\$ 2,416,000	\$ 727,000	\$ 1,689,000
<u>Capital outlay</u>	<u>25,157,000</u>	<u>11,774,000</u>	<u>13,383,000</u>
<u>Total expenditures</u>	<u>\$ 27,573,000</u>	<u>\$ 12,501,000</u>	<u>\$ 15,072,000</u>

Rounded to nearest thousand

Net capital assets increased by \$16.2 million in FY2017-18. The District acquired land for a new elementary along with other the major capital assets. See Note "C" in the basic financial statements for further details on the District's capital assets. Major capital asset events during the FY2017-18 included the following:

- Highland Elementary School – new gymnasium to replace the building damaged by the 2017 severe winter storm.
- New High School is in the design phase.
- New Elementary School – Construction is underway on a new "600-seat" energy efficient school scheduled to open in the fall of 2019.
- Marshall High School – two new classrooms, secure lobby and new gymnasium
- Pilot Butte Middle School – Year one of a five-year program to remodel the interior and installation of a secure lobby.
- Lava Ridge Elementary School – installation of LED lighting.
- Juniper Elementary School – installed energy efficient double-pane windows.
- Sky View Middle School – installation of a secure lobby, accessibility upgrades and improvements to the parking lot.
- Secure lobbies installed at Miller Elementary, High Lakes Elementary, and Ponderosa Elementary.

Economic Factors and FY2018-19 Budgets and Rates

The following economic factors currently affect the District and were considered in developing the FY2018-19 budget.

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- The FY2018-19 budget was based a state funding level of \$8.2 billion with a 50/50 split
- The FY2018-19 ending fund balance for General Fund Operations was budgeted at 5 percent of revenues.
- Estimated student enrollment was 18,637, an increase of 262 students.
- Funding from the State School Fund was estimated to be \$164.5 million.
- FY2018-19 salary schedules increased by 2 percent and the district's contribution to health insurance increased by \$30 per month.
- FY2018-19 PERS employer rates, OPSRP and Tier1/Tier2 are 12.66 percent and 17.99 percent, the same as FY2017-18.
- In FY2017-18 the District negotiated new agreements with all of the employee groups. Both agreements are for four year terms with reopeners for wages and benefits in 2019.
- The 2018-19 budget was based on a K-12 state funding level of \$8.2 billion, about an 11 percent increase compared with the legislatively approved 2015-17 K-12 funding level. The Oregon legislature will convene in January 2019 to begin work on the budget for the 2019-21 biennium.

New Accounting Standards Implemented

The District implemented Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* (OPEB). This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the total OPEB liability related to their employees. The implementation of GASB 75 required a restatement of net position as of July 1, 2017, a decrease of approximately \$3 million. Please refer to the Notes to the Financial Statements for further information.

Requests for Information

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 money it receives. If you have questions about the financial report or need additional information, contact the Business Manager at Administrative School District No.1, 520 NW Wall Street, Bend, Oregon 97703.



Basic Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Net Position
June 30, 2018

	Governmental Activities
	<u>2018</u>
Assets	
Cash and investments	\$ 214,515,846
Receivables:	
Property taxes	2,881,692
Accounts and other receivables	5,421,857
Prepaid items	980,727
Inventories	534,123
Net OPEB asset RHIA	363,209
Capital assets, net of depreciation:	
Land	33,102,336
Construction in progress	18,970,605
Site improvements	13,668,714
Buildings and improvements	260,925,689
Vehicles and equipment	8,274,667
<u>Total assets</u>	<u>559,639,465</u>
Deferred outflow of resources:	
PERS deferred outflows	44,770,554
Advanced refunding	7,637,830
<u>Total deferred outflows of resources</u>	<u>52,408,384</u>
Liabilities	
Accounts payable	7,276,884
Accrued payroll and related charges	11,699,058
Accrued interest	635,494
Retainage payable	507,072
Claims and judgments due within one year	36,889
Long-term liabilities due within one year	24,936,646
Claims and judgments due more than one year	60,651
Net pension liability	126,760,591
Other postemployment benefits, implicit rate subsidy	8,988,225
Accrued compensated absences	68,523
Long-term liabilities due in more than one year	398,797,062
<u>Total liabilities</u>	<u>579,767,095</u>
Deferred inflows of resources	
OPEB - RHI deferred inflows	171,181
PERS deferred inflows	1,837,857
<u>Total deferred inflows of resources</u>	<u>2,009,038</u>
Net position	
Net investment in capital assets	146,069,447
Restricted for:	
Transportation	530,335
Federal, state and local programs	3,117,265
Nutrition services	1,790,670
Student and other activities	2,159,414
Debt service	2,956,691
Capital projects	4,404,485
Unrestricted	(130,756,591)
<u>Total net position</u>	<u>\$ 30,271,716</u>

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Activities
Year Ended June 30, 2018

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
					2018
Governmental Activities					
Instruction					
Regular instruction	\$ 99,304,664	\$ 808,679	\$ 8,017,728	\$ -	\$ (90,478,257)
Special programs including summer school	31,562,613	-	3,167,422	-	(28,395,191)
Total direct classroom services	130,867,277	808,679	11,185,150	-	(118,873,448)
Support Services					
Students	14,906,304	-	1,139,724	-	(13,766,580)
Instructional staff	7,600,368	-	1,797,311	-	(5,803,057)
General administration	859,133	-	-	-	(859,133)
School administration	12,930,119	-	17,146	-	(12,912,973)
Business, transportation and maintenance	29,152,775	921,036	304,567	873,040	(27,054,132)
Central activities	6,460,411	-	3,188	-	(6,457,223)
Supplemental retirement program	276,382	-	-	-	(276,382)
Total classroom support services	72,185,492	921,036	3,261,936	873,040	(67,129,480)
Enterprise and Community Services					
Food services	7,536,130	2,062,981	4,801,300	-	(671,849)
Other enterprise and community services	2,041,339	342,627	1,710,108	-	11,396
Total enterprise and community services	9,577,469	2,405,608	6,511,408	-	(660,453)
Unallocated interest expense	15,756,561	-	-	-	(15,756,561)
Total school district	\$ 228,386,799	\$ 4,135,323	\$ 20,958,494	\$ 873,040	(202,419,942)
General revenues:					
Property taxes levied for:					
General purposes					75,807,551
Debt service					30,654,642
Federal aid not restricted to specific purposes					1,291,839
State aid not restricted to specific purposes					92,739,536
Intermediate aid not restricted to specific purposes					2,718,308
Earnings on investments					1,850,098
Other local revenue					3,374,417
Gain/loss on sale of capital assets					18,503
Insurance proceeds					5,440,900
Total general revenues					213,895,794
Change in net position					11,475,852
Net position - beginning, as restated					18,795,864
Net position - ending					\$ 30,271,716

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Balance Sheet - Governmental Funds
June 30, 2018

					Totals
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	2018
Assets					
Cash and investments	\$ 33,363,240	\$ 3,764,430	\$ 2,178,335	\$175,209,842	\$214,515,847
Receivables					
Property taxes	2,103,336	-	778,356	-	2,881,692
Accounts and other receivables	1,102,450	3,923,934	-	395,473	5,421,857
Prepaid items	900,542	80,185	-	-	980,727
Inventories	139,167	394,956	-	-	534,123
Total assets	\$ 37,608,735	\$ 8,163,505	\$ 2,956,691	\$175,605,315	\$224,334,246
Liabilities, deferred inflows and fund balances					
Liabilities					
Accounts payable	\$ 7,276,895	\$ -	\$ -	\$ -	\$ 7,276,895
Accrued payroll and related charges	11,699,058	-	-	-	11,699,058
Retainage payable	-	-	-	507,072	507,072
Total liabilities	18,975,953	-	-	507,072	19,483,025
Deferred inflows of resources					
Unavailable revenue-property taxes	1,561,311	-	571,381	-	2,132,692
Fund balances					
Nonspendable	1,039,709	475,141			1,514,850
Restricted	530,335	4,512,979	2,385,310	175,098,243	182,526,867
Assigned	9,624,551	3,175,385			12,799,936
Unassigned	5,876,876	-	-	-	5,876,876
Total fund balances	17,071,471	8,163,505	2,385,310	175,098,243	202,718,529
Total liabilities, deferred inflows and fund balances	\$ 37,608,735	\$ 8,163,505	\$ 2,956,691	\$175,605,315	\$224,334,246

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position
June 30, 2018

Total fund balances, June 30, 2018 (page 20) \$ 202,718,529

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 487,313,118	
Accumulated depreciation	<u>(152,371,107)</u>	334,942,011

Proportionate share of the PERS net pension liability (126,760,591)

Deferred outflow on refunding reported in the government wide statement of net position 7,637,830

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the government funds

Deferred outflows of resources related to pensions	\$ 44,770,554	
Deferred inflow of resources related to pensions	(1,837,857)	
Deferred inflow of resources related to OPEB	<u>(171,181)</u>	42,761,516

A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current years' operations, and therefore, are not reported as revenue in the governmental funds. 2,132,703

Net OPEB-RHIA asset reported in the government wide statement of net position 363,209

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Long-term debt	\$ (1,674,714)	
Accrued interest payable	(635,494)	
Bonds payable	(397,483,184)	
Unamortized portion of bond issuance premium	(24,019,209)	
Net OPEB obligation-Implicit rate subsidy	(8,988,225)	
Compensated absences	(68,525)	
Accrued claims and judgments	(97,540)	
Early retirement benefits payable	<u>(556,600)</u>	<u>(433,523,491)</u>

Total net position (page 18) \$ 30,271,716

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2018

		Special	Debt Service	Capital	Totals
	General Fund	Revenue Fund	Fund	Projects Fund	2018
Revenues					
Property taxes	\$ 75,844,423	\$ -	\$ 30,654,642	\$ -	\$106,499,065
Tuition	5,815	-	-	-	5,815
Investment earnings	671,294	61,869	354,391	762,544	1,850,098
Other local sources:					
Food services	-	2,062,981	-	-	2,062,981
Print shop	895,558	-	-	-	895,558
Indirect	618,214	-	-	-	618,214
Charges for services	570,853	418,926	-	-	989,779
Other local sources	3,023,458	5,972,318	172,654	17,701	9,186,131
Intermediate sources:					
County school fund	394,625	-	-	-	394,625
ESD apportionment	2,177,294	822,706	-	-	3,000,000
State sources:					
State school fund	84,497,435	55,186	7,261,356	-	91,813,977
Common school fund	1,760,970	-	-	-	1,760,970
Other state sources	548,711	2,913,212	-	-	3,461,923
Federal grant sources	1,310,073	11,209,124	-	-	12,519,197
Total revenues	172,318,723	23,516,322	38,443,043	780,245	235,058,333
Expenditures					
Current:					
Instruction	103,544,167	9,118,043	-	-	112,662,210
Support services	61,556,215	4,100,320	650	-	65,657,185
Community services	285,326	8,993,066	-	-	9,278,392
Facilities acquisition and construction	-	-	-	2,415,841	2,415,841
Debt service:					
Principal	647,380	-	20,382,919	-	21,030,299
Interest	56,826	-	17,611,364	-	17,668,190
Capital outlay	1,024,538	565,142	-	25,156,778	26,746,458
Total expenditures	167,114,452	22,776,571	37,994,933	27,572,619	255,458,575
Revenues over (under) expenditures	5,204,271	739,751	448,110	(26,792,374)	(20,400,242)
Other financing sources (uses)					
General obligation bonds issued	-	-	-	175,000,000	175,000,000
General obligation bonds premium issued	-	-	-	12,809,395	12,809,395
Insurance proceeds	124,154	-	-	5,316,746	5,440,900
Sale of fixed assets	21,091	-	-	-	21,091
Transfer from special revenue fund	101,948	-	-	-	101,948
Transfer to capital project fund	-	-	-	-	-
Transfer to general fund	-	(101,948)	-	-	(101,948)
Total other financing sources (uses)	247,193	(101,948)	-	193,126,141	193,271,386
Net change in fund balances	5,451,464	637,803	448,110	166,333,767	172,871,144
Fund balances, beginning of year	11,620,007	7,525,702	1,937,200	8,764,476	29,847,385
Fund balances, end of year	17,071,471	8,163,505	2,385,310	175,098,243	202,718,529

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to
the Statement of Activities
Year Ended June 30, 2018

Net change in fund balance (page 22) \$ 172,871,144

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 is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
capital outlays exceeded depreciation in the current period:

Expenditures for capital assets and construction in progress	\$ 28,011,579	
Less current year depreciation	(11,848,570)	
Less loss on asset disposal	<u>(3,105)</u>	16,159,904

Long-term debt proceeds are reported as other financing sources in governmental
funds. In the statement of net position, however, issuing long-term debt increases
liabilities. Similarly, repayment of principal is an expenditure in the governmental
funds but reduces the liability in the statement of net position. This is the amount
by which repayments exceeded proceeds:

Debt issued	\$ (175,000,000)	
Debt principal repaid	<u>23,287,379</u>	(151,712,621)

In the statement of activities, pension expense is adjusted based on the actuarially determined contribution changes	(13,511,712)
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Amortization of deferred outflow on debt refunding	(1,300,056)
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Governmental funds report the effect of issuance costs, premiums, and discounts
when debt is first issued, whereas these amounts are deferred and amortized in
the statement of activities. This amount is the net effect of these differences:

Premiums on long-term debt issued in current year	\$ (12,809,395)	
Amortization of premiums, net of discount amortization	<u>2,154,192</u>	(10,655,203)

In the statement of activities interest is accrued on long-term debt, whereas
in the governmental funds it is recorded as an interest expense when due.

Accreted interest on PERS UAL bonds	\$ (975,312)	
Accrued interest on general obligation bonds and other long term debt	<u>(224,275)</u>	(1,199,587)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities property taxes are recognized as revenue when levied.	(36,872)
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Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the statement of activities they are recognized as an expenditure when incurred.	(23,380)
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Certain expenses in the statement of activities do require the use of current financial
resources and, therefore, are not reported as expenditures in governmental funds

Early retirement benefits	\$ 333,678	
Deferred inflows OPEB	(171,181)	
OPEB liability	(274,284)	
OPEB RHIA	603,609	
Estimated claims and judgments	<u>392,413</u>	<u>884,235</u>

Change in net position (page 19)	<u>\$ 11,475,852</u>
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See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual
General Fund
Year Ended June 30, 2018

	General Fund					
	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 73,887,922	\$ 73,887,922	\$ 1,956,501	\$ 75,844,423	\$ -	\$ 75,844,423
Tuition	-	-	5,813	5,813	-	5,813
Investment earnings	262,000	262,000	409,294	671,294	-	671,294
Other local sources	4,740,500	4,740,500	367,583	5,108,083	-	5,108,083
Intermediate sources	2,575,000	2,575,000	(3,080)	2,571,920	-	2,571,920
State sources	87,876,797	87,876,797	(1,069,680)	86,807,117	-	86,807,117
Federal sources	28,000	28,000	1,282,073	1,310,073	-	1,310,073
Total revenues	169,370,219	169,370,219	2,948,504	172,318,723	-	172,318,723
Expenditures						
Current:						
Instruction	105,605,547	105,605,547 (1)	(1,970,423)	103,635,124	(90,957)	103,544,167
Support services	65,182,312	65,182,312 (1)	(2,692,516)	62,489,796	(933,581)	61,556,215
Community services	336,439	336,439 (1)	(51,113)	285,326	-	285,326
Debt service:	704,206	704,206 (1)	-	704,206	(704,206)	-
Principal	-	-	-	-	647,380	647,380
Interest	-	-	-	-	56,826	56,826
Facilities acquisition and construction	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,024,538	1,024,538
Contingency	500,000	500,000	(500,000)	-	-	-
Total expenditures	172,328,504	172,328,504	(5,214,052)	167,114,452	-	167,114,452
Revenues over (under) expenditures	(2,958,285)	(2,958,285)	(8,162,556)	5,204,271	-	5,204,271
Other financing sources (uses)						
Proceeds from insurance	-	-	124,154	124,154	-	124,154
Sale of fixed assets	500,000	500,000	(478,909)	21,091	-	21,091
Transfer from special revenue fund	500,000	500,000	(398,052)	101,948	-	101,948
Total other financing sources (uses)	500,000	500,000	(252,807)	247,193	-	247,193
Net change in fund balances	(2,458,285)	(2,458,285)	7,909,749	5,451,464	-	5,451,464
Fund balance, beginning of year	10,726,639	10,726,639	893,368	11,620,007	-	11,620,007
Fund balance, end of year	\$ 8,268,354	\$ 8,268,354	\$ 8,803,117	\$ 17,071,471	\$ -	\$ 17,071,471

(1) Appropriation level

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance Budget to Actual
Special Revenue Fund
Year Ended June 30, 2018

	Special Revenue Fund					
	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ 56,869	\$ 61,869	\$ -	\$ 61,869
Other local sources	8,888,000	8,888,000	(433,775)	8,454,225	-	8,454,225
Intermediate sources	300,000	300,000	522,706	822,706	-	822,706
State sources	7,203,000	7,203,000 (2)	(4,234,602)	2,968,398	-	2,968,398
Federal sources	14,100,000	14,100,000	(2,890,876)	11,209,124	-	11,209,124
Total revenues	30,496,000	30,496,000	(6,979,678)	23,516,322	-	23,516,322
Expenditures						
Current:						
Instruction	16,143,000	16,143,000 (1)	(6,918,120)	9,224,880	(105,637)	9,119,243
Support services	5,493,000	5,493,000 (1)	(1,062,059)	4,430,941	(331,821)	4,099,120
Community services	9,890,000	9,890,000 (1)	(769,250)	9,120,750	(127,684)	8,993,066
Capital outlay	-	-	-	-	565,142	565,142
Total expenditures	31,526,000	31,526,000	(8,749,429)	22,776,571	-	22,776,571
Revenues over (under) expenditures	(1,030,000)	(1,030,000)	1,769,751	739,751	-	739,751
Other financing sources (uses)						
Transfer to general funds	(500,000)	(500,000)	398,052	(101,948)	-	(101,948)
Total other financing sources (uses)	(500,000)	(500,000) (1)	398,052	(101,948)	-	(101,948)
Net change in fund balance	(1,530,000)	(1,530,000)	2,167,803	637,803	-	637,803
Fund balance, beginning of year	4,480,000	4,480,000	3,045,702	7,525,702	-	7,525,702
Fund balance, end of year	\$ 2,950,000	\$ 2,950,000	\$ 5,213,505	\$ 8,163,505	\$ -	\$ 8,163,505

(1) Appropriation level

(2) Included in this State Revenue is the required match of \$53,282 for National School Lunch Support.

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon

Statement of Fiduciary Net Position
Fiduciary Fund - Private Purpose Trust Fund
June 30, 2018

	<u>2018</u>
Assets	
Cash and investments	\$ 105,224
Net position held in trust for scholarships	<u>\$ 105,224</u>

Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Private Purpose Trust Fund
Year Ended June 30, 2018

	<u>2018</u>
Additions:	
Donations	\$ 15,310
Investment earnings	<u>1,914</u>
Total revenues	17,224
Deductions:	
Scholarships	<u>17,420</u>
Change in net position	(196)
Net position - beginning	<u>105,420</u>
Net position - ending	<u>\$ 105,224</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

I. Summary of significant accounting policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting entity

Bend La-Pine School District, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 and provides education services to children from grades K-12 located in Bend and La Pine and surrounding areas. The District has five high schools, two K-8 schools, one K-8 charter school, six middle schools, one K-5 charter school, and eighteen elementary schools with an approximate total enrollment of 18,000 students. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category — governmental and fiduciary — are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - Accounts for all general operating revenues and expenditures of the District and for all financial resources not accounted for in another fund. Principal revenue sources are property taxes and state school support.

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

Special Revenue Fund - Accounts for revenues derived from specific grants and other earmarked revenue sources. Principal revenue sources are federal and state grants, student fundraising activities, and school lunch sales.

Debt Service Fund – Is used to account for the accumulation of resources and payment of general obligation bond and limited tax pension obligation bond principal and interest from governmental resources such as property taxes and state school support.

Capital Projects Fund - Accounts for the acquisition and construction of major capital facilities or other improvements. Principal revenue sources are bond proceeds and interest earnings from cash and investments.

Additionally, the District reports the following fund type:

Trust Fund – This fund uses the economic resources measurement focus and accrual basis of accounting. Accounts for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the various trust agreements.

During the course of operations the District has activity between funds for various purposes. Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and

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judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis "consistent with generally accepted accounting principles" for all funds consistent with Oregon Local Budget Law.

The appropriated budget is prepared and appropriated by fund and major function as required by Oregon Local Budget Law. The district's administrators may make transfers of appropriations within appropriation levels. Transfers between appropriation levels require the approval of the School Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the major appropriation level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated.

2. Excess of expenditures over appropriations

No expenditures exceeded appropriation for the fiscal year ending June 30, 2018.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The District's cash and investments are considered to be cash on hand, demand and savings deposits, and short-term investments with maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bankers' acceptances and the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

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Investments are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the LGIP is the same as the fair value of the LGIP shares.

The State Treasurer's LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The state's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

Amounts in the State Treasurer's LGIP are not required by law to be collateralized.

2. Investments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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3. Inventories and prepaid items

Print Shop supplies, maintenance supplies, food and other cafeteria supplies are stated at average invoice cost. Donated commodities from the United States Department of Agriculture in the Nutrition Services Fund are included in the District's inventories at fair market wholesale value. Inventory items are charged to expenditures of user departments at the time of withdrawal from inventory (consumption method).

Prepaid items consist of prepaid software support fees, and are reported using the consumption method, where items are charged to expenditure as the service is provided.

4. Capital assets

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

<u>Asset Types</u>	<u>Estimated Lives</u>
Buildings and improvements	20 to 50 years
Equipment	5 to 10 years

5. Deferred outflows/inflows of resources

The statement of net position reports 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. The District has three items that qualify for reporting in this category. The statement of net position reports one type related to the net PERS pension liability, one type related to bond refunding, and one type related to the net OPEB liability. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item in this category is related to the pension plan due to differences in expected and actual experiences, differences in expect and actual earnings, and contributions made after the actuary's measurement date.

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 so it will not be recognized as an inflow of resources (revenue) until that time. The District has three items that arise for reporting in this category. The balance sheet reports unavailable revenues from one source: property taxes. The statement of net position reports one type related to the net PERS pension liability and one type related to the net OPEB liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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6. Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

In the fund financial statements, governmental funds are categorized by the nature of the resources within the fund. The district reports fund balance using the following categories:

Nonspendable fund balance indicates the portion of fund equity that cannot be spent as it is not in a spendable format, such as inventories and prepaid expenditures.

Restricted fund balance indicates the portion of fund equity the use of which is externally restricted by grantors, creditors, or law.

Assigned fund balance indicates the portion of fund equity that the District intends to use for a specific purpose imposed by the Superintendent or designee. The Governing Body delegated the authority to the Superintendent or designee to assign fund balance.

Unassigned fund balance indicates the amount of general fund equity that is available for budgeting in future periods. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts included in program revenues include: 1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function of the district, this includes state school fund grant money for bus replacement, federal reimbursement for bond interest payments, all reimbursable grants, money for from the National School Lunch Program, and the portion of the state school fund for transportation representing 70% of allowable

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transportation expenditures. All taxes or other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

3. Compensated absences

District personnel currently work under an annual contract based upon the number of workdays in each year. Employees under such contracts have no vested vacation pay benefits. Beginning in the FY09, certain administrators were able to accrue unused vacation leave from year to year up to a total of 30 days. Upon resignation or termination of employment, these employees will receive pay for up to 20 of these accrued vacation days. Currently, accumulated compensatory benefits earned by employees are paid as of June 30 each year. Sick pay does not vest.

4. Retirement plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

The District's early retirement stipend plan is valued at the net present value of future benefit payments. The discount rate used was 1.689 percent.

5. Postemployment benefits other than pensions (OPEB)

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

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the government fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

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One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$334,942,011 are as follows:

Land	\$ 33,102,337
Construction in progress	18,970,605
Buildings and improvements	384,397,392
Less: Accumulated depreciation buildings and improvements	(123,471,703)
Site improvements	21,202,124
Less: Accumulated depreciation site improvements	(7,533,411)
Vehicles and equipment	29,640,659
Less: Accumulated depreciation vehicles and equipment	(21,365,994)
Net adjustment to increase fund balance – total governmental funds	
to arrive at net position – governmental activities	\$ 334,942,011

Another element of the reconciliation is that “other long term assets are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in funds.” The details of the \$2,132,703 are as follows: Property taxes collected after year-end but not soon enough to pay for current year operations.

Another element of that reconciliation explains that “long term liabilities, including bonds payable are not due and payable in the current period, and, therefore, are not reported in the funds.” The details of that \$552,454,222 difference are as follows:

Long term debt	\$ 1,674,714
Bonds payable	397,483,184
Net OPEB asset RHIA	(363,209)
Other postemployment benefits, deferral	171,181
Deferred refunding	(7,637,830)
Net pension liability	126,760,591
Accrued interest payable	635,494
Unamortized portion of bond issuance premium	24,019,209
Net OPEB obligation	8,988,225
Compensated absences	68,523
Accrued claims and judgments	97,540
Early retirement benefits payable	556,600
Net adjustment to increase fund balance – total governmental funds	
to arrive at net position – governmental activities	\$ 552,454,222

The final element of that reconciliation explains that “deferred inflows due to differences between projected and actual earnings and the contributions after the measurement date are not reflected in the budgetary basis balance sheet.” The details of that \$(49,932,697) difference are as follows:

Pension related deferred outflows	\$ (44,770,554)
Pension related deferred inflows	1,837,857
Total net deferred inflows/outflows related to pension plan	\$ (42,932,697)

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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this \$16,159,904 difference are as follows:

Capital outlay	\$ 28,011,579
Depreciation expense	(11,848,570)
Loss on sale of asset	(3,105)
Net adjustment to decreases in net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$ 16,159,904</u>

Another element of that reconciliation states “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The detail of this \$(151,712,621) difference is as follows:

2017 general obligation bond	\$(175,000,000)
Debt principal repayment	23,287,379
Net adjustment for issuance and payment of long-term debt	<u>\$(151,712,621)</u>

Another element of that reconciliation states “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.” The details of this \$552,277 difference are as follows:

Compensated absences	\$ (23,380)
Claims and judgements	392,413
Accrued/accreted interest on debt	(1,199,587)
Property taxes	36,872
Early retirement benefits	333,678
Amortization of deferred debt refunding	(1,300,056)
Amortization of bond premiums	2,154,192
Amortization of OPEB obligation	158,145
Net adjustment to decreases in net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ 552,277</u>

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The final element of the reconciliation is related to adjustments for the net pension asset and liability, allocations to expenses for net changes in deferred inflows due to the District's share in the PERS system's differences between projected and actual earnings, and contributions subsequent to the measurement date are not recorded in the budgetary basis financial statements. The details of the \$(13,511,712) are as follows:

Net pension asset (liability)	\$	16,024,817
Deferred outflows - actual experience		1,406,231
Deferred outflows - changes in assumptions		(7,346,502)
Deferred outflows - actual earnings		(26,902,475)
Deferred outflows - change in proportionate share		(1,055,300)
Deferred outflows - contribution difference		(128,880)
Deferred outflows - contributions after measurement date		5,147,491
Deferred inflow - actual earnings		(657,094)
Total components of pension liability adjustments at measurement date	\$	(13,511,712)

III. Stewardship, compliance and accountability

A. Violations of legal or contractual provisions

For the year ended June 30, 2018, no expenditures exceeded appropriations. There were no violations of legal or contractual provisions.

B. Deficit fund equity

The District did not have any funds with a negative fund balance.

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

In the case of deposits, in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2018, the district's bank balances were \$30,012,096 and \$29,009,096 of that amount was exposed to custodial credit risk because it was uninsured and collateralized by securities held by the pledging or financial institutions trust department or agent, but not in the government's name. All deposits were in bank depositories qualified by the Oregon State Treasury which maintains the collateral program for local governments.

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. Of these balances all were deposited in banking institutions covered by Federal depositor insurance. However, a portion of these deposits exceed the federal deposit insurance corporation limit and are not federally insured.

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Investments

At June 30, 2018, the District was invested as follows:

Investment Type	Classification	Total	Moody's Aaa
US Treasury securities	Level 1	\$ 91,582,588	\$ 91,582,588
US Agency securities	Level 1	54,784,005	54,784,005
Total		\$ 146,366,593	\$ 146,366,593

Interest rate risk - Interest rate risk is lessened by generally matching investment maturities with cash requirements so that sales prior to maturities are minimized. The District's investment policy requires that only investments that can be held to maturity shall be purchased. At June 30, 2018 the District's investment holdings meet the requirement of this policy.

Credit Risk - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law. The District School Board annually approves a list of financial institutions with which the District will do business. All of the investments, except for the investment in the Local Government Investment Pool which is not evidenced by securities, are held in safekeeping by the financial institutions counterparty in the financial institution's general customer account.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2018. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. As of June 30, 2018, the fair value of the position in the LGIP is 100.57 percent of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Investments in US Treasury are fair value level 1 measurement and Agency Securities and Commercial Paper are fair value level 1 measurement.

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Concentration of Credit Risk - Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U.S. Government Agencies. More than 5 percent of the School District's total investments are in securities by the following issuers:

<u>Issuer</u>	<u>Percentage of Total</u>
Federal Home Bank Loan	7.11%
Federal Home Loan Mortgage Corp	23.95%
Federal Farm Credit Bank	6.38%
US Treasury Securities	62.56%

Custodial credit risk – investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has a Third Party Safekeeping Agreement (TPSA) with US Bank to hold certain securities in trust. All of the securities subject to the TPSA are held in trust in the District's name. The District does not have a policy for custodial credit risk for certificates of deposit.

B. Receivables

The accounts and other receivable in the General Fund are primarily balances due from other government entities such as Oregon Department of Education and High Desert Education Service District for reimbursement of expenditures. The accounts and other receivable in Special Revenue Funds represent balances due from state and federal governments for special program grants.

Accounts and other receivables on the Statement of Net Position are comprised of the following as of June 30, 2018:

Grants	\$	3,923,934
Common school fund		880,485
Other		617,438
<u>Total</u>	<u>\$</u>	<u>5,421,857</u>

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C. Capital assets

Capital asset activity for the year-ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated				
Land	\$ 32,060,809	\$ 1,041,528	-	\$ 33,102,337
Construction in progress	12,614,275	26,797,038	20,440,708	18,970,605
Total non-depreciable assets	44,675,084	27,838,566	20,440,708	52,072,942
Capital assets being depreciated:				
Buildings and improvements	366,433,181	17,964,211	-	384,397,392
Site improvements	19,746,308	1,455,816	-	21,202,124
Vehicles and equipment	28,885,986	1,193,694	(439,021)	29,640,659
Total depreciable assets at cost	415,065,475	20,613,721	(439,021)	435,240,175
Less accumulated depreciation for:				
Buildings and improvements	(114,339,623)	(9,132,080)	-	(123,471,703)
Site improvements	(6,780,874)	(752,537)	-	(7,533,411)
Vehicles and equipment	(19,837,955)	(1,963,954)	435,916	(21,365,993)
Total accumulated depreciation	(140,958,452)	(11,848,570)	435,916	(152,371,106)
Total depreciable assets, net	274,107,023	8,765,151	(3,105)	282,869,069
Total capital assets, net	\$ 318,782,107	\$ 36,603,717	20,437,603	\$ 334,942,011

Depreciation expense for the year was charged to the following programs:

Program	Buildings	Equipment	Improvements	Total
Central activities	\$ 942	\$ 4,584	\$ -	\$ 5,527
Food services	7,287	51,071	-	58,358
Students	8,703,742	400,415	711,621	9,815,778
Business, transportation and maintenance	420,109	1,507,883	40,916	1,968,908
Total depreciation expense	\$ 9,132,080	\$ 1,963,954	\$ 752,537	\$ 11,848,570

D. Pension plan

The District is participating in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by PERS. The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employee defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: <http://www.oregon.gov/pers>. The ORS Chapter 238 Defined Benefit Plan is closed to

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new members hired on or after August 29, 2003. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 were implemented as of July 1, 2014.

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

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

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

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.

Benefit Changes After Retirement: Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB): The ORS Chapter 238A Defined Benefit Pension Program 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

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must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions

PERS members are required to contribute 6 percent of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier I and Tier II for the year ended June 30, 2018 was 17.99 percent of covered annual payroll. The rate for OPSRP for the year ended June 30, 2018 was 12.66 percent. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board.

At June 30, 2018, the District reported a net pension liability of \$126,760,591 for its proportionate share of the net pension liability. The pension liability 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 December 31, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .94 percent, this is decrease from June 30, 2016, when the District's proportion was .95 percent. For the year ended June 30, 2018, the District recognized a pension expense of \$13,511,712.

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	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between projected and actual experience	\$ 6,130,196	\$ -
Changes of assumptions	23,106,194	-
Net difference between projected and actual earnings on investments	1,305,931	-
Changes in proportionate share	123,203	-
Differences between employer contributions and employer's proportionate share of system contributions	206,208	1,837,857
<u>Subtotal-amortized deferrals</u>	<u>30,871,732</u>	<u>\$ 1,837,857</u>
<u>District contributions subsequent to the measurement date</u>	<u>13,898,822</u>	
<u>Total PERS deferred outflows</u>	<u>\$ 44,770,554</u>	

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019, as measured at June 30, 2018.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ending June 30	Amount
2019	\$ 5,772,222
2020	16,003,109
2021	10,593,710
2022	(3,404,221)
2023	69,055
<u>Total deferred outflow(Inflow) of resources</u>	<u>\$ 29,033,874</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated December 1, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

https://www.oregon.gov/pers/EMP/docs/gasb_68_report.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier I and Tier II component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an

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actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increase	3.50 percent
COLA	Blend of 2.0% COLA and graded COLA (1.25%/.15%), in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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.

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

Fiduciary net position

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 (fair market value of assets) 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

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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 asset values. GASB 68 (paragraph 43) 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 Oregon PERS:

- Oregon 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 67 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, 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.

Detailed information about PERS' fiduciary net position is available in the separately issued financial report available online at the following website:
<https://www.oregon.gov/pers/EMP/Documents/GASB/2018/2017-GASB-68.pdf>, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

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 2013 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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<u>Long-Term Expected Rate of Return</u>				
Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds – Diversified	2.50	4.94	4.64	8.09
Hedge Fund – Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.				

(Source: June 30, 2017 PERS CAFR; page 69)

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

	<u>Discount rate</u>	<u>Proportionate share of net pension liability (asset)</u>
1% decrease	6.50%	216,023,192
Current discount rate	7.50%	126,760,591
1% increase	8.50%	52,120,527

Deferred items

Deferred inflows of resources and deferred outflow of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows of resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions

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- Changes in employer proportion since the prior measurement date
- Difference between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

Year ended June 30, 2017 – 5.3 years
Year ended June 30, 2016 – 5.3 years
Year ended June 30, 2015 – 5.4 years
Year ended June 30, 2014 – 5.6 years

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

E. Other post-employment benefits (OPEB)

The District sponsors a self-pay early retirement health insurance program for its retirees. The health insurance program is a post-employment benefit plan that allows eligible retirees and their dependents to purchase continuation of coverage under the District's health insurance plans from the date of retirement until eligibility for Medicare as required under ORS 243. Per Oregon Revised Statutes (ORS) 243.303, the District provides health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. Healthcare premiums rates must be based on all plan members, both active employees and retirees. There is an implicit subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claim costs. This is due to medical premium rates being determined by blending both active employee and retiree experience. This additional cost is called the "implicit subsidy", and is required to be valued under GASB 75.

Currently, the District participates in the Oregon Educators Benefit Board, a statewide agent multiple-employer plan for health insurance benefits.

Other post employment benefit health insurance subsidy

Funding Policy – There is no obligation on the part of the District to fund these benefits in advance. The benefit from this program is paid by retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements.
Total OPEB Liability – The District's total OPEB liability of \$8,988,225 was measured as of July 1, 2016 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2017 actuarial

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valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2016
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	3.75% per year, based on all years discounted at municipal bond rate
Inflation rate	2.50% per year
Salary increases	2.50% per year plus Salary Merit Scale
Annual premium increase rate	
Mortality rates	Male/Female: RP 2000 male/female table, projected generationally with scale BB, combined active/healthy annuitant, set back 24 months. Mortality rates for active male participants are 60% of the above rates, and for active female participants are 55% of the above rates.
Turnover rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Disability rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.
Retirement rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age. For the current year, it is assumed that retirements are reflected in the census data provided. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.

Changes in the Total OPEB Liability:

Balance at June 30, 2017		\$ 8,713,941
Changes for 2017-18		
Service cost	489,301	
Interest	325,807	
Benefit payments	(540,824)	274,284
Total OPEB Liability at June 30, 2018		<u>\$ 8,988,225</u>

As of June 30, 2018, there were no deferred inflows or outflow resources.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1 percent Decrease 2.75%	Current Discount Rate 3.75%	1 percent Increase 4.75%
Total OPEB Liability	\$ 9,722,444	\$ 8,988,225	\$ 8,310,370

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability

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would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1 percent Decrease	Current Trend Rate	1 percent Increase
	5.50% Graded Down to 4.00%	6.50% Graded Down to 5.00%	7.50% Graded Down to 6.00%
Total OPEB Liability	\$ 7,932,529	\$ 8,988,225	\$ 10,231,573

Other post employment benefits, PERS Retiree Health Insurance Account (RHIA)

Oregon Public Employees Retirement System (PERS or the system) administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan. Contributions are mandatory for each employer that is a member of PERS. As of June 30, 2017, there were 796 participating employers.

At June 30, 2018, the District reported a net OPEB asset of \$603,609 for its proportionate share of the net OPEB liability/asset. The measurement date was as of June 30, 2017 and the actuarial valuation date was as of December 31, 2015. As of June 30, 2017, the District's proportion was .87 percent, this is a decrease from June 30, 2016 when the District's proportion was .88 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 168,218
Changes in proportionate share	-	2,963
Total (prior to Post-MD contributions)	-	\$ 171,181
Net Deferred Outflow/(Inflow) of Resources	\$ (171,181)	

Amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense/income as follows:

Year ending June 30	Amount
2019	\$ (43,152)
2020	(43,152)
2021	(42,821)
2022	(42,054)
2023	-
Total deferred outflow(Inflow) of resources	\$ (171,181)

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Actuarial Methods and Assumptions:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.50% per year
Inflation rate	2.50% per year
Long-term expected rate of return	7.50% per year
Salary increases	3.50% per year
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Mortality rates	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. 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.

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2016 and June 30, 2017 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.

Depletion Date Projection – GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB 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 (fair market value of assets) 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 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) 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 Oregon PERS:

- Oregon 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 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 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

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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 third-party actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:
http://www.oregon.gov/pers/docs/financial_reports/2017_cafr.pdf

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

	Discount rate	Proportionate share of net OPEB liability (asset)
1% decrease	6.50%	50,631
Current discount rate	7.50%	(363,209)
1% increase	8.50%	(715,204)

Deferred items

Deferred inflows of resources and deferred outflow of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, there were:

- Changes in employer proportion since the prior measurement date
- No difference between expected and actual experience
- No difference due to changes in assumptions
- A difference between projected and actual earnings which is being amortized over a closed five-year period. One-year's amortization is recognized in the employer's total OPEB expense for the measurement period

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Differences between expected and actual experience, changes in assumptions and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of June 30, 2017 measurement period is 3.7 years.

F. Commitments and contingencies

As of June 30, 2018, the District has contractual commitments for construction and improvement projects. As of June 30, 2018, the commitments are:

Project	Commitment Remaining
New Elementary School	\$ 22,418,358
New High School	5,322,336
Skyline HS/Realms HS Brinson Building remodel	675,360
Lava Ridge upgrades	976,249
Marshall High upgrades	5,659,085
Pilot Butte Middle School upgrades	3,795,001
Sky View Middle School upgrades	409,163
School Entryway upgrades	251,291
Buckingham upgrades	66,500
Highland/Kenwood storage	4,538
Highland/Kenwood gym rebuild	784,747
District Wide Structure Analysis	48,700
District Wide paving	286,000
High Lakes Elementary School HVAC	54,850
Lapine High School retrofit	536,347
Pine Ridge Elementary HVAC	2,245
Ponderosa Elementary School HVAC	21,394
Sky View Middle School HVAC	13,975
Buckingham Elementary School Roof	190,853
Cascade Middle School Roof	249,952
Mountain View High School Roof	923,300
Re Jewell Elementary School Roof	148,700
Mountain View High School upgrades	12,918
Education Center Offices	2,001
<u>Total commitments remaining as of June 30, 2018</u>	<u>\$ 42,853,863</u>

G. Risk management

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

The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly from prior years.

A liability for estimated unemployment claims is presented in the government-wide statements as an accrued payroll liability. The liability represents the district's estimate of its share of unemployment claims during fiscal year 2017-18 that were unpaid as of June 30, 2018. The

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estimate was calculated based on district experience and actual claims paid after June 30, 2018. A reconciliation of the claims liability at the end of the year are as follows:

	2018	2017
Beginning balance	\$ 24,565	\$ 38,632
Claims incurred	58,061	57,869
Claims paid	(66,259)	(71,937)
Ending balance	<u>\$ 16,366</u>	<u>\$ 24,565</u>

A liability for estimated general liability claims is presented in the government-wide statements. The liability represents the district's estimate of its share of various general liability claims during FY2017-18 that were unpaid as of June 30, 2018. The liability was calculated using actual claims settled and paid after June 30, 2018. A reconciliation of the claims liability at the end of the year are as follows:

	2018	2017
Beginning balance	\$ 465,386	\$ 485,318
Claims incurred	72,975	36,069
Claims paid	(440,821)	(56,001)
Ending balance	<u>\$ 97,540</u>	<u>\$ 465,386</u>

Reimbursement claims under federal and state program grants may be subject to further audit and adjustment by grantor agencies. State school support from the Oregon Department of Education may also be subject to further audit and adjustment. Disallowed claims could become a liability of the General Fund. Any such amounts are not expected to be significant. Accordingly, management does not anticipate any material adverse consequences arising from such actions.

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Environmental matters

The District has complied with EPA standards for asbestos removal or encasement as well as maintenance of an asbestos management plan. In addition, the District's fuel storage facilities meet EPA standards including annual testing requirements. We are developing healthy and safe schools plan outlined by the state, which includes items like lead testing and radon testing.

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H. Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$277,926 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year ending June 30	Amount
2019	\$ 293,684
2020	216,827
2021	233,419
2022	240,888
2023	87,988
Total	\$ 1,072,807

I. Long-term liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

Issue Date:	Interest Rates	Original Amount	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018	Due Within One Year
General Obligation Bonds							
March 7, 2013	2-5%	\$ 81,050,000	\$ 80,090,000	\$ -	\$ 8,485,000	\$ 71,605,000	\$ 9,315,000
August 14, 2013	4-5%	91,825,000	91,825,000	-	6,750,000	85,075,000	7,500,000
April 19, 2016		4,175,000	3,720,000	-	890,000	2,830,000	770,000
August 31, 2017		<u>175,000,000</u>	<u>-</u>	<u>175,000,000</u>	<u>1,900,000</u>	<u>173,100,000</u>	<u>1,485,000</u>
Total general obligation bonds		352,050,000	175,635,000	175,000,000	18,025,000	332,610,000	19,070,000
PERS Bonds							
October 31, 2002	2.06-6.1%	40,926,719	33,910,816	376,063	2,120,000	32,166,880	2,315,000
April 21, 2003	1.5-6.27%	25,316,993	23,002,055	599,249	1,670,000	21,931,304	1,795,000
February 19, 2004	3.25-5.528%	5,930,000	4,840,000	-	250,000	4,590,000	285,000
January 30, 2012	2.75%	<u>2,840,000</u>	<u>2,840,000</u>	<u>-</u>	<u>-</u>	<u>2,840,000</u>	<u>-</u>
Total PERS Bonds		75,013,712	64,592,872	975,312	4,040,000	61,528,184	4,395,000
Full Faith and Credit Bonds							
March 20, 2011	2.0-4.0%	<u>7,585,000</u>	<u>3,920,000</u>	<u>-</u>	<u>575,000</u>	<u>3,345,000</u>	<u>570,000</u>
Premiums on bonds			<u>13,364,006</u>	<u>12,809,395</u>	<u>2,154,192</u>	<u>24,019,209</u>	<u>-</u>
Total bonds payable			<u>257,511,878</u>	<u>188,784,707</u>	<u>24,794,192</u>	<u>421,502,393</u>	<u>24,035,000</u>
Long Term Loans							
June 15, 2009	4.00%	2,900,000	675,391	-	331,004	344,387	344,387
July 1, 2012	1.99%	3,200,000	<u>1,646,702</u>	<u>-</u>	<u>316,375</u>	<u>1,330,327</u>	<u>322,729</u>
Total Long-Term Loans			<u>2,322,093</u>	<u>-</u>	<u>647,379</u>	<u>1,674,714</u>	<u>667,116</u>
Other post-employment benefits			8,713,941	274,284	-	8,988,225	
Net pension liability			<u>142,785,408</u>	<u>(126,760,591)</u>	<u>-</u>	<u>16,024,817</u>	
Early retirement			<u>890,278</u>	<u>-</u>	<u>333,678</u>	<u>556,600</u>	<u>234,531</u>
Total Long-Term Liabilities			<u>\$ 403,509,657</u>	<u>\$ 62,024,116</u>	<u>\$ 25,775,249</u>	<u>\$ 448,746,749</u>	<u>\$ 24,936,647</u>

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

General obligation bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. Debt service on bond principal and bond interest is paid from the Debt Service Fund. The District is subject to statutory limitations on indebtedness. As of June 30, 2018, the District's net bonded debt is \$1,748,525,368 less than the statutory debt limit. Certain issues of the District's bonds are subject to federal arbitrage regulations. The District employs the services of an arbitrage rebate specialist to determine the amount of the arbitrage liability if applicable. In August 2017, Moody's affirmed the District's Aa2 bond rating in conjunction with the issuance of the 2017 general obligation bonds. In April 2016, the District issued \$4 million general obligation bonds, which is the remaining portion of 2013 voter approved amount (total \$96 million).

Future maturities to service the general obligation bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 19,070,000	\$ 13,197,112	\$ 32,267,112
2020	15,135,000	12,346,178	27,481,178
2021	17,065,000	11,625,049	28,690,049
2022	18,775,000	10,923,276	29,698,276
2023-2027	93,630,000	42,077,530	135,707,530
2028-2032	97,180,000	21,205,728	118,385,728
2033-2037	71,755,000	5,165,648	76,920,648
<u>Total</u>	<u>\$ 332,610,000</u>	<u>\$ 116,540,521</u>	<u>\$ 449,150,521</u>

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2018, \$71,960,000 of bonds outstanding were considered defeased.

Limited tax pension obligation bonds

The District participated in the Oregon School Board Association (OSBA) Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). Bonds in the amount of \$40,926,720 were issued October 31, 2002, additional bonds in the amount of \$25,316,992 were issued April 21, 2003 and \$5,930,000 were issued February 19, 2004. The bonds are being amortized over 25-26 years. In February, 2012 the District refinanced a portion of the 2002 Pension Bonds. This refinance was structured to save approximately \$45,000 per year in interest. Debt service on bond principal and interest is paid from the debt service fund.

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

Future maturities to service the limited tax pension obligation bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 4,395,000	\$ 2,626,522	\$ 7,021,522
2020	4,755,000	2,611,352	7,366,352
2021	5,255,000	2,594,158	7,849,158
2022	5,690,000	2,496,264	8,186,264
2023	6,280,000	2,304,219	8,584,219
2024-2028	37,335,000	6,099,725	43,434,725
<u>Total</u>	<u>\$ 63,710,000</u>	<u>\$ 18,732,240</u>	<u>\$ 82,442,240</u>

Full faith and credit bonds

On March 21, 2011, the District issued full faith and credit bonds to refinance a long-term loan taken out in 2009 that was used to finance the repair of Summit High School athletic fields. The refunding was undertaken to reduce total debt service payments over the life of the debt by \$886,848 and resulted in an economic gain to the taxpayers of approximately \$740,000. The bonds mature in January 2024 and the interest rates range from 2-4%.

Future maturities to service the Full Faith and Credit bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 570,000	\$ 133,800	\$ 703,800
2020	565,000	111,000	676,000
2021	560,000	88,400	648,400
2022	555,000	66,000	621,000
2023-2027	1,095,000	65,600	1,160,600
<u>Total</u>	<u>\$ 3,345,000</u>	<u>\$ 464,800</u>	<u>\$ 3,809,800</u>

Long-term loans

During 2009, the District borrowed funds to purchase 21 busses. This loan matures on June 15, 2019 with a fixed interest rate of 4.00%.

On July 1, 2012, the District financed \$3,200,000 to purchase 28 school buses. The loan matures in 2022 and the fixed interest rate is 1.99%. The payments on the long-term loans are made by the general fund.

Future maturities to service the long-term loans outstanding as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 667,116	\$ 37,090	\$ 704,206
2020	329,210	20,235	349,445
2021	335,822	13,624	349,446
2022	342,566	6,880	349,446
<u>Total</u>	<u>\$ 1,674,712</u>	<u>\$ 77,829</u>	<u>\$ 1,752,543</u>

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

J. Fund balances

The District categorizes its fund balance for major funds as nonspendable, restricted, assigned or unassigned. Nonspendable fund balance represents resources that can't be spent as they are not in a spendable format. Restricted fund balances represent resources whose use is constrained by externally imposed restrictions placed by creditors, grantors or contributors or those restrictions imposed by law. Assigned fund balances represent amounts the district intends to use for specific purposes and are imposed by the Superintendent or designee. The authority for the Superintendent or designee to assign resources for specific purposes is granted by the School Board, the District's governing body.

For the classification of unrestricted ending fund balance the District first reduces assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. At times when restricted and unrestricted amounts can be used, the District uses restricted amounts first.

Details of fund balance classifications displayed in the aggregate

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	June 30, 2018	June 30, 2017
Nonspendable:						
Inventory	\$ 139,167	\$ 394,956	\$ -	\$ -	\$ 534,123	\$ 551,468
Prepaid items	900,542	80,185	-	-	980,727	1,603,174
Restricted for:						
Capital projects	-	-	-	175,098,243	175,098,243	8,764,476
Debt service	-	-	2,385,310	-	2,385,310	1,937,200
Federal and state grants	-	2,881,689	-	-	2,881,689	2,772,177
Transportation equipment	530,335	-	-	-	530,335	117,423
Energy efficiency program	-	1,631,292	-	-	1,631,292	1,448,734
Assigned to:						
Appropriated fund balance	4,233,851	-	-	-	4,233,851	2,458,285
Athletics	363,603	-	-	-	363,603	379,345
Early retirement funding	-	831,724	-	-	831,724	689,181
Facility grant	-	184,245	-	-	184,245	179,774
Facility usage	716,905	-	-	-	716,905	567,636
Instructional materials	565,765	-	-	-	565,765	23,138
Insurance reserve	1,231,599	-	-	-	1,231,599	597,593
Maintenance replacement	262,912	-	-	-	262,912	430,800
Print shop equipment	403,912	-	-	-	403,912	392,590
Student activities	-	2,159,414	-	-	2,159,414	2,020,988
Technology	1,846,004	-	-	-	1,846,004	1,153,572
Unassigned:	5,876,876	-	-	-	5,876,876	3,759,833
Total fund balances	\$ 17,071,471	\$ 8,163,505	\$ 2,385,310	\$ 175,098,243	\$ 202,718,529	\$ 29,847,383

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

K. Interfund Transfers

Transfers are comprised of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Maintenance Reserve Fund	\$ 101,948	\$ -
Special Revenue Fund	-	101,948
<u>Total</u>	<u>\$ 101,948</u>	<u>\$ 101,948</u>

Transfers between funds were used for boiler replacements in Elk Meadow Elementary School, High Lakes Elementary School, Lava Ridge Elementary School, Cascade Middle School, and Summit High School.

L. Tax abatements

GASB 77, *Tax Abatement Disclosures* became effective for those periods beginning after December 15, 2015. All such abatement programs are authorized by Oregon revised statutes or by local resolution or ordinance. Some programs are initiated by the County and others by other local governments and state agencies. For the year ended June 30, 2018, the District's revenues were estimated to be reduced by the following amounts for each program:

<u>Program</u>	<u>Estimated Tax</u>
	<u>Exempted/Abated to District</u>
Construction in process in enterprise zone	\$ 201,062
Enterprise zones	321,502
Housing for low income rental	21,774
Nonprofit low income rental housing	95,668
Solar projects	933
<u>Total exempted/abated</u>	<u>\$ 640,939</u>

M. Other information

Termination benefits

Special termination benefits were made available to employees who met guidelines of a plan adopted by the Board on May 3, 1983 and revised in 2009. On May 27, 2009, the School Board voted to implement a phasing out of the program. All employees participating in the plan before the effective date of the phase out period will receive benefits as anticipated when they retire. Beginning in fiscal year 2009-10, benefits for retirees under the plan were reduced each year by 10 percent and on June 30, 2013, the plan closed to new retirees.

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

The maximum monthly benefit paid by the District is equal to .1667 times the base salary divided by 12. Base salary is the average of the scheduled annual gross regular salary for the three highest completed paid contract years before retirement, but shall not exceed \$36,000. Employees do not contribute to the plan and accrue no vested benefits prior to their acceptance in the program.

The District's liability under the program is reported in the government-wide statements. The plan is funded by an assessment charged against payroll in all funds. The assessed charges are accumulated and stipends paid from the special revenue fund. The intent of this assessment is to fund the plan on a "pay-as-you-go" basis and not to accumulate resources in the special revenue fund for this plan.

These benefits are in addition to benefits that may become available under the pension plan administered under the State of Oregon Public Employees Retirement System. The expenditures incurred under the post-employment benefit plan during the current fiscal year totaled \$231,926 and covered 74 retirees.

A liability for termination benefits has been recorded in the government-wide statements. The liability was derived by calculating the future benefit for all current participants based on the monthly maximum amount available to each participant for the years that they are eligible for the plan. The total liability is then discounted using a 15-year average market yield rate on US Treasury securities to reflect the present value of future cash flows.

Future maturities of termination benefits payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	234,531
2020	155,918
2021	88,932
2022	46,902
2023	22,557
2024-2025	7,760
<u>Total</u>	<u>\$ 556,600</u>

N. Prior period restatements

During the year, the District adopted GASB 75 as described in previous notes. This restatement had the following effect on the net position of the District:

Net position at June 30, 2017, as previously reported	\$ 22,175,186
<u>Cumulative effect of application of GASB No. 75, Net OPEB Liability</u>	<u>(3,379,322)</u>
<u>Net position at June 30, 2017, restated</u>	<u>\$ 18,795,864</u>

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2018

O. Subsequent events

The District entered into an agreement to exchange 25 acres for a 79.40 acre site for the new high school. The District agreed to certain public improvements including curbs, streets, and utilities (water, sewer, gas, power, and data).

REQUIRED SUPPLEMENTARY INFORMATION

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of Changes in Total Other Post Employment Benefits and Related Ratios
Year Ended June 30, 2018

OPEB Liability - Health Insurance Implicit Rate Subsidy

	<u>June 30, 2018</u>	
Total OPEB Liability - Beginning		<u>\$8,713,941</u>
Service Cost	489,301	
Interest	325,807	
Benefit payments	(540,824)	
Net change in OPEB Liability		<u>274,284</u>
<u>Total change in OPEB Liability - End of Year</u>		<u>\$8,988,225</u>
Estimated covered payroll	\$ 91,648,023	
Total OPEB liability as a percentage of covered payroll	9.81%	

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

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

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of the Proportionate Share of The Net Pension Liability for PERS
Year Ended June 30, 2018

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.94%	\$ 126,760,591	\$88,930,218	142.5%	83.1%
2017	0.95	142,785,408	85,613,516	166.8	80.5
2016	0.94	54,255,989	80,315,145	67.5	91.9
2015	0.88	(19,970,972)	76,781,668	(26.0)	103.6

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

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

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of Employer Contributions for PERS
Year Ended June 30, 2018

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the Statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2018	\$ 13,898,819	\$ 13,898,819	-	\$ 94,509,032	14.7%
2017	8,751,328	8,751,328	-	88,930,218	9.8
2016	8,379,165	8,379,165	-	85,613,516	9.8
2015	10,122,605	10,122,605	-	80,315,145	12.6
2014	9,674,212	9,674,212	-	76,781,668	12.6

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

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

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of the Proportionate Share of The Net OPEB Liability
Year Ended June 30, 2018

Year Ended June 30,	(a) Employer's proportion of the net OPEB liability (NOL)	(b) Employer's proportionate share of the net OPEB liability (NOL)	(c) Employer's covered payroll	(b/c) NOL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.87%	\$ (363,209)	\$88,930,218	-0.4%	108.9%
2017	0.88	240,400	85,613,516	166.8	94.20

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

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

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of Employer Contributions for OPEB
Year Ended June 30, 2018

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the Statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2018	\$ 433,280	\$ 433,280	-	\$ 94,509,032	0.5%
2017	394,714	394,714	-	88,930,218	0.5%

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

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

SUPPLEMENTARY INFORMATION



SUPPLEMENTARY
INFORMATION

"An investment in knowledge always pays the best interest"
Ben Franklin



Description of Fund Types

General Fund

This fund accounts for general operating revenues, expenditures and transfers of the District. The principal sources of revenue are from the local tax levy and state school support.

Sub fund account groupings are used to separate accounting records for management purposes. The sub fund account groupings are as follows:

- General Operations
- Athletics and Activities
- Instructional Materials
- Transportation Equipment
- Print Shop Equipment
- Facility Usage
- Technology Reserve
- Maintenance Replacement
- Insurance Reserve

Special Revenue Fund

The special revenue fund accounts for revenue sources that are set aside for specific purposes or have legal restrictions that determine how and on what the funds may be disbursed.

The District accounts for grant funds, student body funds and nutritional services activities in special revenue funds. The grant funds include Title grants, IDEA (special education), Family Advocate Network and various other grants received from federal, state or other sources.

Debt Service Fund

The debt service fund is used to account for all sources and uses related to the general obligation debt, PERS UAL refunding debt, and Summit High Athletic field project debt of the District.

The main source used to pay for the general obligation debt of the District is property taxes levied at a rate to cover the debt for the current period. The source used to pay for the PERS UAL refunding debt of the District is a portion of the State School Fund. The source used to pay the long-term debt for the Summit High Athletic field project is general resources of the district.

Capital Projects Fund

The capital projects fund is used to account for the transactions related to projects funded through the issuance of general obligation bonds. The major source of revenue for this fund is proceeds from the issuance of bonds.

Private Purpose Trust Fund

The private purpose trust fund accounts for revenues and expenses of individual bequests and grants held by the District. The fund assets have been contributed by individuals and are subject to restrictions set forth in the trust agreements.



SUPPLEMENTARY INFORMATION

COMBINING SCHEDULES OF GENERAL FUND SUB FUNDS

Administrative School District No. 1
Deschutes County, Oregon
Combining Schedule of Assets, Liabilities and Fund Balance
General Fund - Sub Funds
(GAAP Basis)
June 30, 2018

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Assets				
Cash and investments	\$ 27,481,672	\$ 363,603	\$ 565,765	\$ 530,335
Receivables:				
Property taxes	2,103,336	-	-	-
Accounts and other receivables	1,062,984	-	-	-
Prepaid items	900,542	-	-	-
Inventories	54,970	-	-	-
Total assets	\$ 31,603,504	\$ 363,603	\$ 565,765	\$ 530,335
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts and interest payable	\$ 7,276,893	\$ -	\$ -	\$ -
Accrued payroll and related charges	11,699,058	-	-	-
Total liabilities	18,975,951	-	-	-
Deferred inflows of resources				
Unavailable revenue-property taxes	1,561,311	-	-	-
Fund balances				
Nonspendable	955,512	-	-	-
Restricted	-	-	-	530,335
Assigned	4,233,851	363,603	565,765	-
Unassigned	5,876,879	-	-	-
Total fund balances	11,066,244	363,603	565,765	530,335
Total liabilities, deferred inflows and fund balances	\$ 31,603,504	\$ 363,603	\$ 565,765	\$ 530,335

<u>Print Shop Equipment</u>	<u>Facility Usage</u>	<u>Technology Reserve</u>	<u>Maintenance Replacement</u>	<u>Insurance Reserve</u>	<u>2018</u>
\$ 399,847	\$ 681,504	\$ 1,846,003	\$ 262,912	\$ 1,231,599	\$ 33,363,240
-	-	-	-	-	2,103,336
4,065	35,401	-	-	-	1,102,450
-	-	-	-	-	900,542
84,197	-	-	-	-	139,167
<u>\$ 488,109</u>	<u>\$ 716,905</u>	<u>\$ 1,846,003</u>	<u>\$ 262,912</u>	<u>\$ 1,231,599</u>	<u>\$ 37,608,735</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,276,893
-	-	-	-	-	11,699,058
-	-	-	-	-	18,975,951
-	-	-	-	-	1,561,311
84,197	-	-	-	-	1,039,709
-	-	-	-	-	530,335
403,912	716,905	1,846,003	262,912	1,231,599	9,624,550
-	-	-	-	-	5,876,879
<u>488,109</u>	<u>716,905</u>	<u>1,846,003</u>	<u>262,912</u>	<u>1,231,599</u>	<u>17,071,471</u>
<u>\$ 488,109</u>	<u>\$ 716,905</u>	<u>\$ 1,846,003</u>	<u>\$ 262,912</u>	<u>\$ 1,231,599</u>	<u>\$ 37,608,735</u>

Administrative School District No. 1

Deschutes County, Oregon

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

General Fund Sub Funds

(GAAP Basis)

Year Ended June 30, 2018

	General Operations	Athletics and Activities	Instructional Materials	Transportation Equipment
Revenues				
Property taxes	\$ 75,844,423	\$ -	\$ -	\$ -
Tuition	5,815	-	-	-
Investment earnings	550,000	13,431	-	60,000
Print shop	-	-	-	-
Indirect	618,214	-	-	-
Charges for services	570,853	-	-	-
Other local sources	217,937	470,814	-	101,114
County school funds	394,625	-	-	-
ESD apportionment	2,177,294	-	-	-
State school fund	83,624,395	-	-	873,040
Common school fund	1,760,970	-	-	-
Other state sources	548,711	-	-	-
Federal grant sources	1,310,073	-	-	-
Total revenues	167,623,310	484,245	-	1,034,154
Expenditures				
Current:				
Instruction	100,028,321	2,069,051	1,446,795	-
Support services	59,429,485	367,223	-	4,650
Community services	126,955	-	-	-
Debt service:				
Principal	-	-	-	647,380
Interest	-	-	-	56,826
Capital outlay	658,684	84,207	-	14,827
Total expenditures	160,243,445	2,520,481	1,446,795	723,683
Revenues over (under) expenditures	7,379,865	(2,036,236)	(1,446,795)	310,471
Other financing sources (uses)				
Insurance proceeds	-	-	-	-
Sale of fixed assets	-	-	-	16,941
Transfer from special revenue fund	-	-	-	-
Transfers	(4,195,416)	2,020,494	1,989,422	85,500
Total other financing sources (uses)	(4,195,416)	2,020,494	1,989,422	102,441
Net change in fund balances	3,184,449	(15,742)	542,627	412,912
Fund balances, beginning of year	7,881,792	379,345	23,138	117,423
Fund balances, end of year	\$ 11,066,244	\$ 363,603	\$ 565,765	\$ 530,335

Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,844,423
-	-	-	-	-	5,815
-	-	-	-	47,863	671,294
895,558	-	-	-	-	895,558
-	-	-	-	-	618,214
-	-	-	-	-	570,853
-	342,627	1,038,098	32,735	820,133	3,023,458
-	-	-	-	-	394,625
-	-	-	-	-	2,177,294
-	-	-	-	-	84,497,435
-	-	-	-	-	1,760,970
-	-	-	-	-	548,711
-	-	-	-	-	1,310,073
<u>895,558</u>	<u>342,627</u>	<u>1,038,098</u>	<u>32,735</u>	<u>867,996</u>	<u>172,318,723</u>
-	-	-	-	-	103,544,167
813,902	132,987	263,108	186,717	358,144	61,556,216
-	158,371	-	-	-	285,326
-	-	-	-	-	-
-	-	-	-	-	647,380
-	-	-	-	0	56,826
<u>62,256</u>	<u>2,000</u>	<u>82,559</u>	<u>120,004</u>	<u>-</u>	<u>1,024,537</u>
<u>876,158</u>	<u>293,358</u>	<u>345,667</u>	<u>306,721</u>	<u>358,144</u>	<u>167,114,452</u>
19,400	49,269	692,431	(273,986)	509,852	5,204,271
-	-	-	-	124,154	124,154
-	-	-	4,150	-	21,091
-	-	-	101,948	-	101,948
<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>100,000</u>	<u>-</u>	<u>106,098</u>	<u>124,154</u>	<u>247,193</u>
19,400	149,269	692,431	(167,888)	634,006	5,451,464
<u>468,709</u>	<u>567,636</u>	<u>1,153,572</u>	<u>430,800</u>	<u>597,593</u>	<u>11,620,007</u>
<u>\$ 488,109</u>	<u>\$ 716,905</u>	<u>\$ 1,846,003</u>	<u>\$ 262,912</u>	<u>\$ 1,231,599</u>	<u>\$ 17,071,471</u>



SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Operations Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 73,887,922	\$ 73,887,922	\$ 1,956,501	\$ 75,844,423	\$ -	\$ 75,844,423
Tuition	-	-	5,815	5,815	-	5,815
Investment earnings	260,000	260,000	290,000	550,000	-	550,000
Other local sources	1,607,500	1,607,500	(200,495)	1,407,005	-	1,407,005
Intermediate sources	2,575,000	2,575,000	(3,080)	2,571,920	-	2,571,920
State sources	87,118,757	87,118,757	(1,184,680)	85,934,077	-	85,934,077
Federal sources	28,000	28,000	1,282,073	1,310,073	-	1,310,073
Total revenues	165,477,179	165,477,179	2,146,134	167,623,313	-	167,623,313
Expenditures						
Current						
Instruction	100,774,262	100,774,262	(739,191)	100,035,071	(6,750)	100,028,321
Support services	60,088,171	60,088,171	(6,752)	60,081,419	(651,934)	59,429,485
Community services	143,439	143,439	(16,484)	126,955	-	126,955
Capital outlay	-	-	-	-	658,684	658,684
Contingency	-	-	-	-	-	-
Total expenditures	161,005,872	161,005,872	(762,427)	160,243,445	-	160,243,445
Revenues over (under) expenditures	4,471,307	4,471,307	2,908,561	7,379,868	-	7,379,868
Other financing sources (uses)						
Transfers to general subfunds	(4,195,416)	(4,195,416)	-	(4,195,416)	-	(4,195,416)
Net change in fund balance	275,891	275,891	2,908,561	3,184,452	-	3,184,452
Fund balance, beginning of year	7,508,463	7,508,463	373,329	7,881,792	-	7,881,792
Fund balance, end of year	\$ 7,784,354	\$ 7,784,354	\$ 3,281,890	\$ 11,066,244	\$ -	\$ 11,066,244

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Athletics and Activities Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 13,431	\$ 13,431	\$ -	\$ 13,431
Other local sources	480,000	480,000	(9,186)	470,814	-	470,814
Total revenues	480,000	480,000	4,245	484,245	-	484,245
Expenditures						
Current:						
Instruction	2,289,863	2,289,863	136,605	2,153,258	(84,207)	2,069,051
Support services	446,141	446,141	78,918	367,223	-	367,223
Capital outlay	-	-	-	-	84,207	84,207
Total expenditures	2,736,004	2,736,004	215,523	2,520,481	-	2,520,481
Revenues over (under) expenditures	(2,256,004)	(2,256,004)	219,768	(2,036,236)	-	(2,036,236)
Other financing sources						
Transfer from general fund operations	2,020,494	2,020,494	-	2,020,494	-	2,020,494
Net change in fund balance	(235,510)	(235,510)	219,768	(15,742)	-	(15,742)
Fund balance, beginning of year	275,510	275,510	103,835	379,345	-	379,345
Fund balance, end of year	\$ 40,000	\$ 40,000	\$ 323,603	\$ 363,603	\$ -	\$ 363,603

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Instructional Materials Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Expenditures						
Current:						
Instruction	\$ 1,989,422	\$ 1,989,422	\$ (542,627)	\$ 1,446,795	\$ -	\$ 1,446,795
Total expenditures	1,989,422	1,989,422	(542,611)	1,446,795	-	1,446,795
Revenues over (under) expenditures	(1,989,422)	(1,989,422)	542,627	(1,446,795)	-	(1,446,795)
Other financing sources						
Transfer from general fund operations	1,989,422	1,989,422	-	1,989,422	-	1,989,422
Net change in fund balance	-	-	542,627	542,627	-	542,627
Fund balance, beginning of year	-	-	23,138	23,138	-	23,138
Fund balance, end of year	\$ -	\$ -	\$ 565,765	\$ 565,765	\$ -	\$ 565,765

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Transportation Equipment Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Other local sources	-	-	-	118,054	-	118,054
State sources	758,040	758,040	115,000	873,040	-	873,040
Total revenues	758,040	758,040	175,000	1,051,094	-	1,051,094
Expenditures						
Current:						
Support services	300,000	300,000	(280,524)	19,476	(14,827)	4,649
Debt service:	704,206	704,206	-	704,206	(704,206)	-
Principal	-	-	-	-	647,380	647,380
Interest	-	-	-	-	56,826	56,826
Capital outlay	-	-	-	-	14,827	14,827
Total expenditures	1,004,206	1,004,206	(280,524)	723,682	-	723,682
Revenues over (under) expenditures	(246,166)	(246,166)	573,578	327,412	-	327,412
Other financing sources (uses)						
Transfer from general fund operations	85,500	85,500	-	85,500	-	85,500
Total other financing sources	85,500	85,500	-	85,500	-	85,500
Net change in fund balance	(160,666)	(160,666)	573,578	412,912	-	412,912
Fund balance, beginning of year	210,666	210,666	(93,243)	117,423	-	117,423
Fund balance, end of year	\$ 50,000	\$ 50,000	\$ 480,335	\$ 530,335	\$ -	\$ 530,335

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Print Shop Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other local sources	\$ 955,000	\$ 955,000	\$ (161,305)	\$ 895,558	\$ -	\$ 895,558
Expenditures						
Current:						
Support services	1,065,000	1,065,000	279,109	876,158	(62,256)	813,902
Capital outlay	-	-	-	-	62,256	62,256
Total expenditures	1,065,000	1,065,000	279,109	876,158	-	876,158
Revenues over (under) expenditures	(110,000)	(110,000)	117,803	19,400	-	19,400
Net change in fund balance	(110,000)	(110,000)	117,803	19,400	-	19,400
Fund balance, beginning of year	285,000	285,000	(40,059)	468,709	-	468,709
Fund balance, end of year	\$ 175,000	\$ 175,000	\$ 77,744	\$ 488,109	\$ -	\$ 488,109

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Facility Usage Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Other local sources	\$ 495,000	\$ 495,000	\$ (152,373)	\$ 342,627	\$ -	\$ 342,627
State sources	-	-	-	-	-	-
Total revenues	495,000	495,000	(46,899)	342,627	-	342,627
Expenditures						
Current:						
Instruction	160,000	160,000	(160,000)	-	-	-
Support services	270,000	270,000	(135,013)	134,987	(2,000)	132,987
Community services	193,000	193,000	(34,629)	158,371	-	158,371
Capital outlay	-	-	-	-	2,000	2,000
Total expenditures	623,000	623,000	(210,310)	293,358	-	293,358
Revenues over (under) expenditures	(128,000)	(128,000)	177,269	49,269	-	49,269
Other financing sources (uses)						
Transfer from general fund operations	100,000	100,000	-	100,000	-	100,000
Net change in fund balance	(28,000)	(28,000)	177,269	149,269	-	149,269
Fund balance, beginning of year	197,000	197,000	370,636	567,636	-	567,636
Fund balance, end of year	\$ 169,000	\$ 169,000	\$ 547,905	\$ 716,905	\$ -	\$ 716,905

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Technology Reserve Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other local sources	\$ 350,000	\$ 350,000	\$ 688,098	\$ 1,038,098	\$ -	\$ 1,038,098
Total revenues	350,000	350,000	(46,899)	1,038,098	-	1,038,098
Expenditures						
Current:						
Instruction	80,000	80,000	(80,000)	-	-	-
Support services	1,520,000	1,520,000	(1,174,333)	345,667	(82,559)	263,108
Capital outlay	-	-	-	-	82,559	82,559
Total expenditures	1,600,000	1,600,000	(210,310)	345,667	-	345,667
Revenues over (under) expenditures	(1,250,000)	(1,250,000)	1,942,431	692,431	-	692,431
Net change in fund balance	(1,250,000)	(1,250,000)	1,942,431	692,431	-	692,431
Fund balance, beginning of year	1,300,000	1,300,000	(146,428)	1,153,572	-	1,153,572
Fund balance, end of year	\$ 50,000	\$ 50,000	\$ 1,796,003	\$ 1,846,003	\$ -	\$ 1,846,003

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Maintenance Replacement Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Other local sources	\$ -	\$ -	\$ 36,885	\$ 36,885	\$ -	\$ 36,885
Total revenues	-	-	36,885	36,885	-	36,885
Expenditures						
Current:						
Support services	750,000	750,000	(443,279)	306,721	(120,004)	186,717
Capital outlay	-	-	-	-	120,004	120,004
Total expenditures	750,000	750,000	(443,279)	306,721	-	306,721
Revenues over (under) expenditures	(750,000)	(750,000)	480,164	(269,836)	-	(269,836)
Other financing sources (uses)						
Transfers from special revenue fund	500,000	500,000	(398,052)	101,948	-	101,948
Net change in fund balance	(250,000)	(250,000)	82,112	(167,888)	-	(167,888)
Fund balance, beginning of year	450,000	450,000	(19,200)	430,800	-	430,800
Fund balance, end of year	\$ 200,000	\$ 200,000	\$ 62,912	\$ 262,912	\$ -	\$ 262,912

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund - Insurance Reserve Sub Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 2,000	\$ 2,000	\$ 45,863	\$ 47,863		47,863
Other local sources	853,000	853,000	(32,867)	820,133	-	820,133
Total revenues	855,000	855,000	12,996	867,996	-	867,996
Expenditures						
Current:						
Instruction	312,000	312,000	(312,000)	-	-	-
Support services	743,000	743,000	(384,856)	358,144	-	358,144
Capital outlay	-	-	-	-	-	-
Total expenditures	1,055,000	1,055,000	(696,856)	358,144	-	358,144
Revenues over (under) expenditures	(200,000)	(200,000)	709,852	509,852	-	509,852
Other financing sources (uses)						
Insurance proceeds	-	-	124,154	124,154	-	124,154
Net change in fund balance	(200,000)	(200,000)	834,006	634,006	-	634,006
Fund balance, beginning of year	500,000	500,000	97,593	597,593	-	597,593
Fund balance, end of year	\$ 300,000	\$ 300,000	\$ 931,599	\$ 1,231,599	\$ -	\$ 1,231,599

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Debt Service Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 30,135,818	\$ 30,135,818	518,824	\$ 30,654,642	\$ -	\$ 30,654,642
Investment earnings	48,000	48,000	306,391	354,391	-	354,391
Other local sources	-	-	172,654	172,654	-	172,654
State sources	6,679,580	6,679,580	581,776	7,261,356	-	7,261,356
Total revenues	36,863,398	36,863,398	1,579,645	38,443,043	-	38,443,043
Expenditures						
Current:						
Support Services	3,000	3,000	(2,350)	650	-	650
Debt service:	37,998,115	37,998,115 (1)	(3,832)	37,994,283	(37,994,283)	-
Principal	-	-	-	-	20,382,919	20,382,919
Interest	-	-	-	-	17,611,364	17,611,364
Total expenditures	38,001,115	38,001,115	(6,182)	37,994,933	-	37,994,933
Revenues over (under) expenditures	(1,137,717)	(1,137,717)	1,585,827	448,110	-	448,110
Net change in fund balance	(1,137,717)	(1,137,717)	1,585,827	448,110	-	448,110
Fund balance, beginning of year	1,755,717	1,755,717	181,483	1,937,200	-	1,937,200
Fund balance, end of year	\$ 618,000	\$ 618,000	\$ 1,767,310	\$ 2,385,310	\$ -	\$ 2,385,310

(1) Appropriation level

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Capital Projects Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 180,000	\$ 180,000	\$ 582,544	\$ 762,544	\$ -	\$ 762,544
Other local sources	-	-	17,701	17,701	-	17,701
Total revenues	180,000	180,000	600,245	780,245	-	780,245
Expenditures						
Current:						
Facilities acquisition and construction	40,180,000	40,180,000 ⁽¹⁾	(12,607,381)	27,572,619	(25,156,778)	2,415,841
Capital outlay	-	-	-	-	25,156,778	25,156,778
Total expenditures	40,180,000	40,180,000	(12,607,381)	27,572,619	-	27,572,619
Revenues over (under) expenditures	(40,000,000)	(40,000,000)	13,207,626	(26,792,374)	-	(26,792,374)
Other financing sources						
Proceeds from insurance	-	-	5,316,746	5,316,746		5,316,746
General obligation bonds issued	76,000,000	76,000,000	99,000,000	175,000,000		175,000,000
Premium from general obligation bonds	-	-	12,809,395	12,809,395	-	12,809,395
Total other financing sources	76,000,000	76,000,000	117,126,141	193,126,141	-	193,126,141
Net change in fund balance	36,000,000	36,000,000	130,333,767	166,333,767	-	166,333,767
Fund balance, beginning of year	4,000,000	4,000,000	4,764,476	8,764,476	-	8,764,476
Fund balance, end of year	\$ 40,000,000	\$ 40,000,000	\$ 135,098,243	\$ 175,098,243	\$ -	\$ 175,098,243

(1) Appropriation level

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classification into capital outlay, principal and interest categories.

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Private Purpose Trust Fund
Year Ended June 30, 2018

	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ (3,086)	\$ 1,914	\$ -	\$ 1,914
Donations	-	-	15,310	15,310	-	15,310
Total revenues	5,000	5,000	12,224	17,224	-	17,224
Expenditures						
Current:						
Enterprise and community services	20,000	20,000	2,580	17,420	-	17,420
Total expenditures	20,000	20,000	2,580	17,420	-	17,420
Revenues over (under) expenditures	(15,000)	(15,000)	14,804	(196)	-	(196)
Net change in fund balances	(15,000)	(15,000)	14,804	(196)	-	(196)
Fund balance, beginning of year	80,000	80,000	25,420	105,420	-	105,420
Fund balance, end of year	\$ 65,000	\$ 65,000	\$ 40,224	\$ 105,224	\$ -	\$ 105,224



STATISTICAL SECTION



"Every child has a different learning style and pace. Each child is unique, not only capable of learning but also capable of succeeding."
Robert John Meehan



STATISTICAL SECTION CONTENTS

This part of Bend-La Pine School's statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends81-87

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity88-93

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity94-97

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information98-99

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information100-106

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



Administrative District No. 1
Deschutes County, Oregon
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	Governmental activities			
	Net Investment in Capital Assets	Restricted	Unrestricted	Total Governmental Activities Net position
2018	\$ 146,069,000	\$ 14,959,000	\$ (130,757,000)	\$ 30,272,000
2017, as restated	127,031,000	18,345,000	(126,579,000)	18,795,000
2016	118,403,000	25,671,000	(116,242,000)	27,832,000
2015, as restated	111,248,000	8,557,000	(58,038,000)	61,767,000
2014, as restated	103,831,000	8,567,000	7,081,000	119,479,000
2013, as restated	99,681,000	7,685,000	10,497,000	117,863,000
2012	106,451,000	6,050,000	1,857,000	114,358,000
2011	96,467,000	8,996,000	3,149,000	108,612,000
2010	87,553,000	9,902,000	1,773,000	99,228,000
2009	75,762,000	12,380,000	2,497,000	90,639,000

Administrative District No. 1
Deschutes County, Oregon
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	2009	2010	2011	2012	2013, as restated
Expenses					
Governmental activities					
Regular instruction	\$ 64,627	\$ 60,911	\$ 62,037	\$ 62,873	\$ 65,480
Special programs including summer school	22,407	22,741	23,071	23,295	24,177
Students	9,298	9,457	9,463	9,834	10,256
Instructional staff	4,286	4,428	4,222	4,743	5,004
General administration	577	610	625	673	655
School administration	8,768	8,356	8,615	8,703	9,002
Business, transportation and maintenance	21,119	19,907	20,659	20,837	21,944
Central activities	5,133	5,016	4,832	5,465	4,634
Supplemental retirement program	2,504	2,618	2,592	2,571	2,527
Food services	4,923	4,840	5,225	5,626	5,560
Other enterprise and community services	643	651	686	783	1,252
Facilities acquisition and construction	-	-	-	-	-
Loss on impairment of capital assets	1,219	-	-	-	-
Interest on long-term liabilities	13,066	13,004	12,340	11,659	23,007
Total governmental activities expenses	158,570	152,539	154,367	157,062	173,498
Program revenues					
Governmental activities					
Charges for services					
Regular instruction	3,437	3,519	3,272	3,289	3,447
Special programs including summer school	-	-	-	-	-
Business, transportation and maintenance	1,069	796	767	755	819
Central activities	-	-	-	-	-
Food services	1,661	1,477	1,358	1,340	1,369
Other enterprise and community services	274	264	234	254	316
Operating grants and contributions	22,008	20,906	20,650	20,398	17,267
Capital grants and contributions	446	488	489	429	707
Total governmental activities program revenues	28,895	27,450	26,770	26,465	23,925
Total governmental net expense	(129,675)	(125,089)	(127,597)	(130,597)	(149,573)
General revenues and other changes in net position					
Governmental activities					
Property taxes levied for:					
General purposes	54,576	56,571	56,293	55,824	55,777
Debt service	17,813	20,806	21,857	19,292	18,498
Federal aid not restricted to specific purposes	610	547	2,165	293	286
State aid not restricted to specific purposes	57,735	50,449	51,280	56,639	59,337
Intermediate aid not restricted to specific purposes	2,062	1,865	1,699	1,492	1,411
Earnings on investments	2,355	631	315	274	208
Other local revenue	2,037	2,809	3,372	2,528	2,882
Gain/loss on sale of capital assets	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Total governmental activities general revenues and other	137,188	133,678	136,981	136,342	138,399
Change in net position					
Governmental activities	\$ 7,513	\$ 8,589	\$ 9,384	\$ 5,745	\$ (11,174)

	2014, as restated	2015, as restated	2016	2017, as restated	2018
\$	72,461	\$ 74,280	\$ 81,791	\$ 81,756	\$ 99,305
	25,089	23,932	23,739	25,782	31,563
	10,541	10,070	10,740	11,461	14,906
	5,800	6,066	6,012	6,244	7,600
	661	740	737	746	859
	9,765	9,478	10,640	10,450	12,930
	22,667	3,232	75,610	50,235	29,153
	4,941	3,968	6,261	7,015	6,460
	2,493	676	507	394	276
	5,764	5,804	6,344	6,217	7,536
	1,525	1,606	1,713	1,767	2,041
	-	-	-	0	0
	-	-	-	0	0
	14,275	12,965	12,304	12,416	15,757
	<u>175,982</u>	<u>152,817</u>	<u>236,398</u>	<u>214,484</u>	<u>228,386</u>

	3,588	3,634	3,985	834	809
	-	-	-	-	-
	977	932	965	927	921
	-	-	-	0	-
	1,401	1,443	1,633	1,869	2,063
	353	350	340	315	343
	17,538	19,425	18,203	18,776	20,958
	670	636	662	713	873
	<u>24,527</u>	<u>26,420</u>	<u>25,788</u>	<u>23,433</u>	<u>25,967</u>
	<u>(151,455)</u>	<u>(126,397)</u>	<u>(210,610)</u>	<u>(191,051)</u>	<u>(202,420)</u>

	59,048	63,524	67,577	71,211	75,808
	18,791	20,383	21,312	22,118	30,655
	284	190	242	-	1,292
	69,610	75,139	82,316	84,340	92,740
	1,828	2,003	2,198	2,497	2,718
	1,138	470	390	610	1,850
	2,373	2,349	2,639	4,618	3,374
	-	-	-	-	19
	-	-	-	-	5,441
	<u>153,072</u>	<u>164,058</u>	<u>176,674</u>	<u>185,394</u>	<u>213,895</u>
\$	<u>1,617</u>	<u>\$ 37,661</u>	<u>\$ (33,936)</u>	<u>\$ (5,657)</u>	<u>\$ 11,475</u>

Administrative District No. 1
Deschutes County, Oregon
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	2009	2010	2011	2012	2013
General fund					
Nonspendable	\$ 146,000	\$ 225,000	\$ 198,000	\$ 202,000	\$ 167,000
Restricted	2,426,000	420,000	343,000	206,000	312,000
Assigned	9,989,000	7,847,000	8,676,000	8,466,000	4,954,000
Unassigned	<u>1,504,000</u>	<u>4,499,000</u>	<u>4,863,000</u>	<u>5,091,000</u>	<u>5,949,000</u>
Total general fund	<u>\$ 14,065,000</u>	<u>\$ 12,991,000</u>	<u>\$ 14,080,000</u>	<u>\$ 13,965,000</u>	<u>\$ 11,382,000</u>
All other governmental funds					
Nonspendable, reported in					
Special revenue fund	\$ 348,000	\$ 378,000	\$ 432,000	\$ 416,000	\$ 406,000
Restricted, reported in					
Special revenue fund	1,073,000	1,408,000	1,523,000	2,250,000	2,356,000
Debt service fund	367,000	1,575,000	2,476,000	1,756,000	3,701,000
Capital project fund	44,752,000	17,218,000	3,594,000	1,188,000	955,000
Assigned, reported in					
Special revenue fund	<u>1,244,000</u>	<u>2,406,000</u>	<u>2,645,000</u>	<u>2,601,000</u>	<u>1,698,000</u>
Total all other governmental funds	<u>\$ 47,784,000</u>	<u>\$ 22,985,000</u>	<u>\$ 10,670,000</u>	<u>\$ 8,211,000</u>	<u>\$ 9,116,000</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 857,000	\$ 1,397,000	\$ 1,010,000	\$ 1,740,000	\$ 1,040,000
311,000	815,000	905,000	117,000	530,000
3,629,000	5,664,000	6,160,000	6,003,000	9,625,000
<u>5,332,000</u>	<u>3,926,000</u>	<u>5,454,000</u>	<u>3,758,000</u>	<u>5,877,000</u>
<u>\$ 10,129,001</u>	<u>\$ 11,802,001</u>	<u>\$ 13,529,001</u>	<u>\$ 11,618,000</u>	<u>\$ 17,072,000</u>

\$ 366,000	\$ 331,000	\$ 376,000	\$ 415,000	\$ 475,000
2,657,000	3,076,000	3,360,000	4,221,000	4,513,000
2,784,000	2,272,000	2,511,000	1,937,000	2,385,000
84,114,000	34,888,000	18,895,000	8,764,000	175,098,000
<u>1,888,000</u>	<u>2,212,000</u>	<u>2,710,000</u>	<u>2,890,000</u>	<u>3,175,000</u>
<u>\$ 91,809,000</u>	<u>\$ 42,779,000</u>	<u>\$ 27,852,000</u>	<u>\$ 18,227,000</u>	<u>\$185,646,000</u>

Administrative District No. 1
Deschutes County, Oregon
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	2009	2010	2011	2012	2013
Revenues					
Property taxes	\$ 70,667	\$ 77,167	\$ 78,352	\$ 76,013	\$ 75,662
Tuition	153	472	542	636	731
Investment earnings	2,355	631	315	274	208
Other local sources	10,691	11,363	10,682	11,538	11,321
Intermediate sources	2,095	1,932	1,699	1,597	1,525
State sources	64,123	52,536	54,051	61,067	60,668
Federal sources	14,626	17,231	18,783	13,677	14,749
Total revenues	164,710	161,331	164,424	164,802	164,864
Expenditures					
Current					
Instruction	80,991	76,830	78,506	79,519	82,921
Support services	49,243	48,899	49,029	51,236	51,678
Community services	5,396	5,381	5,952	6,581	6,987
Facilities acquisition and construction	-	-	-	-	-
Debt service:					
Principal	11,301	13,864	15,778	18,004	13,588
Interest	11,942	12,225	11,787	11,023	24,360
Capital outlay	45,784	30,004	14,767	3,855	4,611
Total expenditures	204,657	187,204	175,819	170,218	184,145
Revenues over (under) expenditures	(39,947)	(25,873)	(11,395)	(5,416)	(19,281)
Other financing sources (uses)					
Refunding bonds issued	-	-	7,585	2,840	-
Payment to refunded bond escrow agent	-	-	(7,868)	-	-
Premium on bonds issued	-	-	452	-	14,404
General obligation bonds issued	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Lease purchase / long term loan proceeds	12,000	-	-	-	3,200
Total other financing sources (uses)	12,000	-	169	2,840	17,604
Net change in fund balances	\$ (27,947)	\$ (25,873)	\$ (11,226)	\$ (2,576)	\$ (1,677)
Ratio of total debt service to noncapital expenditures	15%	17%	17%	17%	21%

Note: The figures in this chart include all funds presented on page 22 of the basic financial statements.

	2014	2015	2016	2017	2018
\$	78,346	\$ 84,294	\$ 88,977	\$ 93,175	\$ 106,499
	842	931	8	3	6
	421	376	390	610	1,850
	12,269	12,263	13,021	15,446	13,753
	1,929	2,303	2,642	2,866	3,395
	71,169	77,342	85,964	86,094	97,036
	13,706	14,579	12,613	11,419	12,519
	<u>178,682</u>	<u>192,088</u>	<u>203,615</u>	<u>209,612</u>	<u>235,058</u>
	90,667	97,324	101,799	103,774	112,662
	54,895	55,626	59,016	63,011	65,657
	7,472	7,969	8,545	8,492	9,278
	-	-	-	727	2,416
	13,143	14,339	15,617	17,465	21,030
	13,269	13,644	13,315	12,979	17,668
	<u>14,352</u>	<u>50,817</u>	<u>22,696</u>	<u>14,699</u>	<u>26,746</u>
	<u>193,798</u>	<u>239,719</u>	<u>220,988</u>	<u>221,146</u>	<u>255,458</u>
	(15,116)	(47,631)	(17,373)	(11,534)	(20,400)
	91,825	-	-	-	-
	-	-	-	-	-
	4,732	-	-	-	12,809
	-	-	4,175	-	175,000
				-	5,441
	-	272	-	-	21
	-	-	-	-	-
	<u>96,557</u>	<u>272</u>	<u>4,175</u>	<u>-</u>	<u>193,271</u>
\$	<u>81,441</u>	<u>\$ (47,359)</u>	<u>\$ (13,198)</u>	<u>\$ (11,534)</u>	<u>\$ 172,871</u>
	15%	15%	15%	15%	17%

Administrative District No. 1
Deschutes County, Oregon
Assessed Value and Estimated Value of Taxable Property in Deschutes County
Last Ten Fiscal Years
(in thousands of dollars)

	<u>Real Property</u>		<u>Personal Property</u>		<u>Manufactured Homes</u>	
Fiscal Year Ended June 30,	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2018	22,107,667	35,571,219	482,975	482,975	74,665	103,958
2017	20,943,309	31,302,357	451,004	451,007	65,759	79,422
2016	19,847,234	27,721,055	415,663	415,679	60,520	70,526
2015	18,803,090	24,717,972	393,213	393,227	53,660	58,261
2014	17,812,786	21,290,547	372,149	372,148	47,241	50,377
2013	17,006,004	20,134,879	376,567	376,567	42,964	45,308
2012	16,786,626	20,692,642	390,053	390,053	44,522	47,327
2011	16,875,389	22,613,760	411,330	411,330	48,228	51,783
2010	16,729,496	32,244,472	439,296	439,299	54,578	60,723
2009	15,988,780	36,759,449	466,756	466,839	55,989	61,302

Source:

Valuation information has been obtained from the Deschutes County Assessor, and includes all property within Deschutes County.

Note: The range of total direct tax rates paid is presented, rather than a weighted average for each type of property. Tax rates are applied by property location and type. We are unable to obtain direct rate information by type within locations, so calculating the weighted average direct rate is impractical.

Public Utilities		Exemptions	Total		Assessed Value Range of Total as a Percentage of Estimated Actual Value	
Assessed Value	Estimated Actual Value	Assessed Value	Taxable Assessed Value	Estimated Actual Value	Direct Tax Rates Paid	
600,475	628,510	47,457	23,218,324	36,739,204	2.6525-5.9625	63.327%
560,616	582,833	45,078	21,975,610	32,370,540	2.8011-6.1111	68.027%
652,906	677,075	43,032	20,933,290	28,841,302	2.8098-6.1636	72.730%
475,914	492,477	39,804	19,686,343	25,322,403	2.7502-6.1111	77.900%
411,711	455,805	36,566	18,637,322	22,132,314	2.7919-6.2769	84.374%
429,361	445,442	34,370	17,820,526	21,002,196	2.9121-6.2710	85.014%
438,134	453,696	33,166	17,626,169	21,583,718	2.8818-6.2468	81.818%
436,787	450,305	31,009	17,740,725	23,527,178	2.8947-6.2598	75.537%
417,996	430,990	28,577	17,612,789	33,146,907	2.7805-6.2059	53.222%
388,838	403,899	25,803	16,874,560	37,691,489	2.9170-6.1060	44.839%

Administrative District No. 1
Deschutes County, Oregon
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Fiscal Years Ended June 30th

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administrative School District No. 1	6.36	6.52	6.58	6.36	6.23
High Desert ESD	0.10	0.10	0.10	0.10	0.10
Central Oregon Community College	0.71	0.62	0.73	0.75	0.75
Deschutes County	4.87	4.88	4.84	4.83	4.86
City of Bend	3.16	3.16	3.08	3.05	3.07
Bend Parks & Recreation	1.46	1.46	1.46	1.46	1.46
City of La Pine	1.80	1.80	1.80	1.80	1.90
La Pine Park & Recreation	-	0.30	0.30	0.30	0.30
Sunriver Service District	3.13	3.22	3.31	3.31	3.31
La Pine RFPD	1.71	2.37	2.33	2.34	2.37
Sunriver Library CSD	<u>0.06</u>	<u>0.06</u>	<u>0.06</u>	<u>0.06</u>	<u>0.05</u>
Total	<u><u>23.36</u></u>	<u><u>24.48</u></u>	<u><u>24.59</u></u>	<u><u>24.36</u></u>	<u><u>24.40</u></u>

Source:

Property tax rates have been obtained from the Deschutes County Assessor; rates are per \$1,000 of assessed value.

Notes:

The tax rates for all districts include the amount needed to service bonded long-term debt.

The District's operating tax rate is set by Oregon State Statute and cannot be increased by the District.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
6.20	6.26	6.23	6.22	6.67
0.10	0.10	0.10	0.10	0.10
0.75	0.75	0.74	0.74	0.74
4.74	4.70	4.76	4.75	4.80
3.03	3.22	3.20	3.19	3.18
1.67	1.66	1.63	1.63	1.62
1.93	1.98	1.98	1.98	1.98
0.30	0.30	0.30	0.30	0.30
3.31	3.31	3.31	3.31	3.31
2.37	2.41	2.47	2.41	2.41
<u>0.05</u>	<u>0.05</u>	<u>0.04</u>	<u>-</u>	<u>-</u>
<u>24.45</u>	<u>24.74</u>	<u>24.76</u>	<u>24.63</u>	<u>25.11</u>

Administrative District No. 1
Deschutes County, Oregon
Principal Property Taxpayers
As of June 30, 2018

Bend-La Pine Schools

Taxpayer	Type of Business	Tax	Assessed Value	Percent of Value
TDS Baja Bendbroadband LLC	Telecommunications	\$ 1,309,429	\$ 87,370,000	0.53%
Pacificorp (P P&I)	Electrical utility	909,229	62,355,000	0.38%
Cascade Natural Gas Corp	Natural gas utility	733,258	49,966,000	0.30%
Touchmark at Mount Bachelor Village, LLC	Resort retirement community	732,076	47,174,240	0.29%
Gas Transmission NW Corp.	Natural gas utility	653,086	54,480,100	0.33%
CVSC LLC	Retail stores	647,105	41,801,350	0.25%
Suteria LLC	Pest control products	568,748	42,236,510	0.26%
Deschutes Brewery Inc.	Brewery and restaurant	515,957	34,004,020	0.21%
Sunriver Resort Limited	Vacation resort	508,606	37,203,550	0.23%
Century Link	Telecommunications	458,329	31,236,200	0.19%
Subtotal- top ten major District's taxpayers			487,826,970	2.95%
All other District's taxpayers			16,036,863,631	97.05%
Total District			<u>\$ 16,524,690,601</u>	100.00%

Deschutes County

Taxpayer	Type of Business	Tax	Assessed Value	Percent of Value
TDS Baja Bendbroadband LLC	Telecommunications	\$ 1,533,102	\$ 101,039,000	0.44%
Pacificorp (P P&I)	Electrical utility	1,347,978	89,971,000	0.39%
Cascade Natural Gas Corp.	Natural gas utility	946,328	62,806,000	0.27%
Gas Transmission NW Corp.	Natural gas utility	818,650	66,247,200	0.29%
Touchmark at Mount Bachelor Village, LLC	Resort retirement community	732,076	47,174,240	0.20%
CVSC LLC	Retail stores	647,105	41,801,350	0.18%
Century Link	Telecommunications	635,231	43,292,900	0.19%
Suteria LLC	Pest control products	568,748	42,236,510	0.18%
Wal-Mart Stores Inc	Retail store	529,950	31,404,750	5.61%
Deschutes Brewery Inc.	Brewery and restaurant	515,957	34,004,020	0.15%
Subtotal-top ten major County taxpayers			559,976,970	2.41%
All other County's taxpayers			22,658,346,782	97.59%
Total Deschutes County			<u>\$ 23,218,323,752</u>	100.00%

Administrative District No. 1
Deschutes County, Oregon
Property Tax Levies and Collections
Levies for Operations and Debt Service
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	109,136,848	104,709,632	95.9%		104,709,632	95.9%
2017	96,003,356	91,614,978	95.4%	805,801	92,420,779	96.3%
2016	91,728,870	87,438,223	95.3%	673,894	88,112,117	96.1%
2015	85,961,207	82,295,410	95.7%	798,588	83,093,998	96.7%
2014	79,721,283	76,157,930	95.5%	939,576	77,097,506	96.7%
2013	76,044,654	72,106,750	94.8%	947,513	73,054,263	96.1%
2012	76,472,977	72,081,257	94.3%	1,480,217	73,561,474	96.2%
2011	79,959,406	74,503,043	93.2%	1,745,874	76,248,917	95.4%
2010	79,075,834	73,183,473	92.5%	3,260,811	76,444,284	96.7%
2009	74,033,210	67,886,285	91.7%	4,715,693	72,601,978	98.1%

Administrative District No. 1
Deschutes County, Oregon
Computation of Direct and Overlapping Debt
June 30, 2018

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Alfalfa RFPD	\$ 363,000	4.19%	\$ 15,220
Bend Metro Park & Rec District	28,014,317	99.96%	28,003,363
Central Oregon Community College	61,239,079	61.73%	37,804,782
Central Oregon Regional Housing Authority	4,318,601	72.73%	3,140,802
City of Bend	80,113,366	100.00%	80,113,366
City of La Pine	395,000	100.00%	395,000
Deschutes County	54,665,853	72.73%	39,756,999
Deschutes Cty RFPD 2 (Bend)	1,075,000	74.84%	804,542
Deschutes Public Library District	175,000	72.73%	127,273
HFA Deschutes County	111,750,000	72.73%	81,272,758
High Desert ESD	10,776,391	66.81%	7,199,890
La Pine Parks & Recreation District	390,000	100.00%	390,000
Subtotal, overlapping debt			279,023,995
Administrative School Dist No. 1 direct debt			423,177,108
Total direct and overlapping debt			\$ 702,201,103

Source:

The gross debt outstanding and the percentage applicable has been obtained from the Oregon State Treasury.
Percentage applicable to the District is the ratio of the district boundary to the entire area subject to the debt.

Note:

Gross Bonded Debt Outstanding does not include Self-supporting Unlimited-tax General Obligation bonds and Self-supporting Full Faith and Credit debt.

Administrative District No. 1
Deschutes County, Oregon
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total	Percentage of	
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Premium on Bonds		Personal Income	Per Capita
2018	\$332,610,000	64,873,184	1,674,714	24,019,209	423,177,108	N/A	2,313
2017	175,635,000	68,512,872	2,322,093	13,364,007	259,833,971	2.73%	1,471
2016	190,155,000	71,684,756	2,950,381	14,317,119	279,107,256	3.10%	1,635
2015	198,705,000	74,441,297	3,560,201	16,125,570	292,832,068	3.76%	1,760
2014	210,210,000	76,817,698	4,152,153	17,932,655	309,112,506	4.35%	1,902
2013	128,755,000	78,846,876	4,731,544	15,022,927	227,356,347	3.43%	1,420
2012	139,585,000	80,568,695	2,147,182	2,942,105	225,242,983	3.57%	1,418
2011	152,475,000	81,945,640	2,408,130	3,196,070	240,024,840	4.04%	1,520
2010	166,015,000	74,910,931	11,152,271	3,015,192	255,093,394	4.50%	1,623
2009	177,755,000	75,220,518	12,000,000	3,279,460	268,254,978	4.70%	1,732
2008	187,880,000	75,320,285	-	3,557,980	266,758,265	4.73%	1,577

Sources:

Personal and per capita income numbers were obtained from the Bureau of Economic Analysis.



Administrative District No. 1
Deschutes County, Oregon
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	Real Market Value	Debt Limit = Real Market Value X .0795	Computation of Debt Margin				Ratio of Legal Debt Margin to the Debt Limit
			Total General Obligation Bonds	Less Assets Available in Debt Service Fund	Total Amount of Debt Subject to Debt Limit	Legal Debt Margin	
2018	26,993,818	2,146,009	332,610	(2,377)	330,233	1,815,780	85%
2017	23,788,200	1,891,162	175,635	(1,937)	173,698	1,717,465	91%
2016	21,279,466	1,691,718	190,155	(2,510)	187,645	1,504,073	89%
2015	18,608,982	1,479,414	198,705	(2,272)	196,433	1,282,981	87%
2014	16,076,707	1,278,098	210,210	(2,783)	207,427	1,070,671	84%
2013	15,123,058	1,202,283	128,755	(3,701)	125,054	1,077,229	90%
2012	15,382,464	1,222,906	139,585	(1,756)	137,829	1,085,077	89%
2011	16,728,771	1,329,937	152,475	(2,476)	149,999	1,179,938	89%
2010	23,471,846	1,866,012	166,015	(1,575)	164,440	1,701,571	91%
2009	26,716,128	2,123,932	177,755	(367)	177,388	1,946,544	92%

Debt limit by Oregon State Law is 7.95% of real market value.

Source:

Debt limitation formula has been obtained from Oregon Revised Statutes 328.245 (1), (2).

Real market value was obtained from Deschutes County

Administrative District No. 1
Deschutes County, Oregon
Ratio of Net Bonded Debt to Real Market Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Real Market Value	Net Bonded Debt Per Capita
2018	\$332,610,000	\$2,359,500	\$330,250,500	0.90%	1,805
2017	175,635,000	1,937,200	173,697,800	0.54%	983
2016	190,155,000	2,510,423	187,644,577	0.65%	1,099
2015	198,705,000	2,271,973	196,433,027	0.78%	1,180
2014	210,210,000	2,783,953	207,426,047	0.72%	1,276
2013	128,755,000	3,701,248	125,053,752	0.53%	781
2012	139,585,000	1,756,057	137,828,943	0.59%	868
2011	152,475,000	2,475,651	149,999,349	0.64%	950
2010	166,015,000	1,574,675	164,440,325	0.70%	987
2009	177,755,000	367,070	177,387,930	0.66%	1,085

Sources:

Population numbers come from Economic Development for Central Oregon (EDCO).
Real market value comes from Deschutes County

Administrative District No. 1
Deschutes County, Oregon
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population	Unemployment Rate	Per capita Income	Total Personal Income	Civilian Labor Force	Average Daily Membership	Annual Cost Per ADM
2018	182,930	4.0%	N/A	N/A	95,138	18,171	12,569
2017	176,635	3.7%	\$ 50,955	\$9,522,219,000	93,336	17,873	12,001
2016	170,740	5.1%	49,881	9,012,257,000	88,985	17,446	13,476
2015	166,400	6.2%	46,005	7,788,057,000	81,325	16,467	9,201
2014	162,525	8.1%	41,996	7,100,843,000	77,925	16,051	10,883
2013	160,140	10.8%	40,223	6,636,813,000	80,505	15,763	10,973
2012	158,875	11.8%	38,469	6,313,477,000	80,234	15,463	10,157
2011	157,905	13.5%	36,125	5,946,000,000	80,246	15,380	10,037
2010	157,211	14.8%	34,304	5,666,000,000	80,258	15,091	10,108
2009	154,920	15.3%	34,525	5,705,290,000	86,588	15,137	10,476

Sources:

Unemployment rate and labor force information is for Deschutes County and was obtained from the Oregon Employment Department - Oregon Labor Market Information System (OLMIS).

Population numbers come from Economic Development for Central Oregon (EDCO). 2009 and 2010 populations are an estimate, using population projections provided by PSU.

Personal and per capita income numbers came from the Bureau of Economic Analysis.

Administrative District No. 1
Deschutes County, Oregon
Principal Employers
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
St Charles Medical Center	4,183	1	5.00%	-	-	-
Administrative School District No. 1	2,133	2	2.55%	1,999	2	2.70%
Sunriver Resort	1,100	3	1.32%	850	4	1.40%
Deschutes County	1,075	4	1.29%	1,039	3	2.70%
COCC	999	5	1.19%	-	-	-
Bright Wood Corp	986	6	1.18%	-	-	-
Les Schwab	926	7	1.11%	-	-	-
Safeway	878	8	1.05%	-	-	-
Redmond School District	851	9	1.02%	813	6	1.10%
Mt Bachelor	840	10	1.00%	750	7	1.01%
Cascade Health Corp	-	-	-	3,028	1	4.09%
T-Mobile	-	-	-	850	5	1.15%
Jeld Wen	-	-	-	400	10	0.69%
iSky	-	-	-	650	8	0.58%
Bend Memorial Clinic	-	-	-	510	9	-
Total	13,971		16.71%	10,889		15.42%

Sources:

Economic Development for Central Oregon, Oregon Department of Education,
Deschutes County Finance Department.



Administrative District No. 1
Deschutes County, Oregon
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Function:					
Regular instruction	696	639	631	618	623
Special programs including summer school	301	305	304	285	285
Student services	119	126	123	119	122
Instructional staff	39	41	41	40	42
General administration	2	2	2	2	2
School administration	106	104	107	105	106
Business, transportation and maintenance	212	217	218	203	207
Central activities	36	34	33	33	31
Food services	59	58	63	66	64
Other enterprise and community services	10	10	11	11	13
Facilities acquisition and construction	7	6	4	3	3
Total	1,587	1,542	1,537	1,485	1,498

Source:
Information was obtained from District's payroll records

Note:
FTE is as of June 1 and does not include vacant positions.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
662	685	736	754	767
286	288	290	301	313
120	124	128	134	148
48	51	53	55	57
2	2	2	2	2
111	115	127	119	124
211	210	218	230	229
31	33	38	40	41
64	69	70	71	72
14	14	14	12	14
<u>4</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>10</u>
<u><u>1,553</u></u>	<u><u>1,597</u></u>	<u><u>1,681</u></u>	<u><u>1,723</u></u>	<u><u>1,777</u></u>

Administrative District No. 1
Deschutes County, Oregon
Operating Indicators by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Function:					
Instruction					
Enrollment	15,951	15,834	16,161	16,300	16,600
Transportation					
Number of busses	117	118	121	133	133
Miles driven per year	1,753,574	1,705,606	1,716,585	1,535,703	1,636,654
Cost per mile	3.91	3.92	3.95	4.40	4.06
Students transported to school daily	7,563	6,648	6,824	5,221	5,232
Food services					
Free lunch participants	4,398	5,876	6,184	6,504	6,427
Reduced lunch participants	1,267	1,162	990	1,117	1,021
Percent free/reduced of total enrollment	36%	44%	44%	47%	45%

Source:

Information was obtained from the District's transportation and food service departments.

Note:

Enrollment is as of October 1 of each fiscal year

*Food Services - 2017 Six schools were a Community Eligibility Provision school - no counts taken.

2014	2015	2016	2017	2018
16,863	17,163	17,534	18,034	18,375
133	130	139	134	124
1,679,498	1,580,045	1,951,595	1,733,345	1,684,249
4.31	4.54	3.64	4.31	4.94
5,361	4,705	4,595	4,945	5,216
6,404	4,701	4,371	4,034	3,949
992	953	1,007	1,002	1,081
44%	33%	31%	28%	27%

Administrative District No. 1
Deschutes County, Oregon
Capital Asset Statistics by Function
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function:					
Instruction					
Number of elementary schools	15	16	17	17	17
Number of middle schools	5	5	5	5	5
Number of high schools schools	5	5	5	5	5
Elementary school enrollment	7,004	6,967	7,214	7,301	7,522
Middle school enrollment	3,637	3,640	3,679	3,669	3,713
High school enrollment	5,300	5,227	5,268	5,330	5,365
General administration					
Number of buildings	1	1	1	1	1
Business, transportation and maintenance					
Number of buildings	4	4	4	4	4

Source:

Information was obtained from the District's capital asset and student enrollment records.

2014	2015	2016	2017	2018
17	17	18	18	18
5	5	7	7	7
5	5	5	5	5
7,719	7,827	8,046	8,260	8,370
3,785	3,862	3,962	4,125	4,268
5,359	5,474	5,526	5,649	5,737
1	1	1	1	1
4	4	4	4	4

Administrative District No. 1
Deschutes County, Oregon
School Building Capacity and Enrollment
As of June 30, 2018

Building	Enrollment	Capacity Without Modular Classrooms	Percent of Capacity	Year of Building Construction
Elementary Schools				
Amity Creek	164	150	109%	1948
Bear Creek	570	600	95%	1963
Buckingham	580	600	97%	1980
Ensworth	211	300	70%	2005
Elk Meadow	584	600	97%	1993
Highland	396	375	106%	1918
High Lakes	622	600	104%	2000
RE Jewell	526	600	88%	1974
Juniper	528	560	94%	1965
La Pine	400	600	67%	1993
Lava Ridge	600	600	100%	1994
Pine Ridge	522	600	87%	2004
Ponderosa	584	600	97%	2008
Rosland	195	300	65%	2010
Silver Rail	473	600	79%	2015
Westside Village (K-8)	269	382	70%	1949
William E Miller	646	600	108%	2009
Three Rivers (K-8)	440	450	98%	1989
Total elementary schools	8,310	9,117	91%	
Middle Schools				
Cascade	670	800	84%	1978
High Desert	795	800	99%	1993
Pilot Butte	652	825	79%	1967
Pacific Crest	764	800	96%	2015
La Pine	313	550	57%	1978
REALMS	153	150	102%	1991
Skyview	690	800	86%	2000
Total middle schools	4,037	4,725	85%	
High Schools				
Bend	1,778	1,550	115%	1956
La Pine	392	550	71%	1961
Marshall	166	200	83%	1948
Mountain View	1,458	1,500	97%	1978
Summit	1,609	1,500	107%	2000
Total high schools	5,403	5,300	102%	

Note:

Enrollment is as of October 1, 2017

Many buildings have undergone remodels since original construction

Information obtained from District's student enrollment and capital asset records

OTHER INFORMATION



“The art of teaching is the art of assisting discovery.”
Mark Van Doren



SUPPLEMENTARY INFORMATION
SCHEDULES REQUIRED BY
OREGON DEPARTMENT OF EDUCATION

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues (Budgetary Basis) by object
Year Ended June 30, 2018

	Fund 100	Fund 200	Fund 300
Revenue from Local Sources			
1110 - Current Year Taxes	\$ 75,844,423	\$ -	\$ 30,654,642
1200 - Revenue from other local govt	-	-	-
1311 - Tuition From Individuals	-	-	-
1330 - Summer Sch Tuition Individuals	5,815	-	-
1500 - Interest on Investments	671,294	61,869	354,391
1600 - Meal Tickets Sales	-	2,062,981	-
1700 - Extracurricular Activities	470,814	3,343,433	-
1910 - Scheduling Fee	342,627	-	-
1920 - Contributions Donations	13,750	464,599	-
1960 - Recovery of Pr Yr Expenditures	-	-	-
1970 - Services Provided Other Funds	570,853	418,926	-
1980 - Fees Charged to Grants	618,214	-	-
1990 - Miscellaneous	3,090,843	2,164,286	172,654
Total Revenue from Local Sources	81,628,633	8,516,094	31,181,687
Revenue from Intermediate Sources			
2101 - County School Funds	394,625	-	-
2102 - ESD Apportionment	2,177,294	822,706	-
Total Revenue from Intermediate Sources	2,571,920	822,706	-
Revenue from State Sources			
3101 - State School Fund	83,624,395	-	7,261,356
3102 - State School Fund Lunch Match	-	55,186	-
3103 - Common School Fund	1,760,970	-	-
3199 - Othr Unrest Grants in Aid	37,630	-	-
3222 - State School Fund Trans Equip	873,040	-	-
3299 - Other Restricted Grants In Aid	511,082	2,913,212	-
Total Revenue from State Sources	86,807,117	2,968,398	7,261,356
Revenue from Federal Sources			
4200 - Unrestr Fed Rev Thru State	1,291,839	-	-
4300 - Restricted Fed Revenue Direct	-	70,101	-
4500 - Restricted Fed Rev Thru State	18,234	11,139,024	-
Total Revenue from Federal Sources	1,310,073	11,209,125	-
Revenue from Other Sources			
5100 - Bond Proceeds	-	-	-
5300 - Sale of Fixed Asset	146,227	-	-
5200 - Interfund Transfers	101,948	(101,948)	-
5400 - Reserved FB for Inventories	11,620,007	7,525,702	1,937,200
Total Revenue from Other Sources	11,868,182	7,423,754	1,937,200
Total Revenues	\$ 184,185,925	\$ 30,940,076	\$ 40,380,242

Fund 400	Fund 500	Fund 600	Fund 700	Totals
\$ -	\$ -	\$ -	\$ -	\$ 106,499,065
-	-	-	-	-
-	-	-	-	-
-	-	-	-	5,815
762,544	-	-	1,914	1,852,012
-	-	-	-	2,062,981
-	-	-	-	3,814,247
-	-	-	-	342,627
-	-	-	15,310	493,659
-	-	-	-	-
-	-	-	-	989,779
-	-	-	-	618,214
17,701	-	-	-	5,445,484
780,245	-	-	17,224	122,123,883
-	-	-	-	394,625
-	-	-	-	3,000,000
-	-	-	-	3,394,625
-	-	-	-	90,885,751
-	-	-	-	55,186
-	-	-	-	1,760,970
-	-	-	-	37,630
-	-	-	-	873,040
-	-	-	-	3,424,294
-	-	-	-	97,036,870
-	-	-	-	1,291,839
-	-	-	-	70,101
-	-	-	-	11,157,258
-	-	-	-	12,519,198
187,809,395	-	-	-	187,809,395
5,316,746	-	-	-	5,462,973
-	-	-	-	0
8,764,476	-	-	105,420	29,952,805
201,890,617	-	-	105,420	223,225,173
\$ 202,670,862	\$ -	\$ -	\$ 122,644	\$ 458,299,749

Administrative School District No. 1
Deschutes County, Oregon
General Fund Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2018

	Object 100	Object 200	Object 300
Instruction			
1111 - Primary, K-3 Programs	\$ 23,802,897	\$ 12,311,805	\$ 1,442,968
1113 - Elementary Extracurricular	-	-	150
1121 - Middle School Programs	10,209,164	5,266,600	619,982
1122 - Middle School Extracurricular	465,408	112,297	27,694
1131 - High School Programs	11,687,750	5,928,648	689,872
1132 - High School Extracurricular	1,408,677	353,325	456,578
1210 - Talented and Gifted Programs	217,497	110,010	1,786
1220 - Restrictive Prog Fr Disability	5,229,036	3,079,538	422,786
1250 - Less Restrictive Prog Disabled	2,981,105	1,697,979	203,177
1271 - Remediation	-	-	1,063
1280 - Alternative Education	1,383,356	719,036	6,312,672
1291 - English Second Language	1,199,964	577,464	42,474
1292 - Teen Parent Programs	169,328	78,375	2,975
1400 - Summer School Programs	24,127	7,057	468
Total Instruction	58,778,307	30,242,134	10,224,646
Support Services			
2110 - Attendance and Social Work	111,985	74,344	313,762
2120 - Guidance Services	3,647,839	1,809,564	74,669
2130 - Health Services	1,058,256	494,525	9,652
2140 - Psychological Services	881,438	440,303	24,717
2150 - Speech Pathology and Audiology	1,508,638	822,229	33,286
2190 - Service Dir, Stu Support Svcs	809,860	424,607	77,080
2210 - Improvement of Instruction Svc	1,325,966	592,970	128,839
2220 - Educational Media Services	1,043,535	618,395	29,212
2230 - Assessment and Testing	147,390	71,933	227,791
2240 - Instructional Staff Developmnt	77,586	21,978	342,041
2310 - Board of Education Services	21,647	12,046	125,288
2320 - Executive Administration Svcs	295,460	120,033	60,734
2410 - Office of the Principal Svcs	7,597,680	3,694,310	221,324
2490 - Other Support Services	30,965	13,744	-
2510 - Business Support Services	100,626	48,802	3,977
2520 - Fiscal Services	731,088	418,063	50,052
2540 - Oper/Maint of Plant Services	5,373,745	2,972,735	4,304,170
2550 - Student Transportation Svcs	3,510,118	2,272,789	1,003,722
2570 - Internal Services	402,757	217,464	197,744
2620 - R&D, Eval, Grant Writing Svcs	60,582	31,641	412
2630 - Information Services	137,097	60,353	10,946
2640 - Staff Services	735,837	626,950	207,521
2660 - Technology Services	1,684,793	792,244	640,384
2680 - Interp and Translation	78,340	65,088	-
Total Support Services	31,373,228	16,717,110	8,087,322
Enterprise and Community Services Expend			
3300 - Community Services	197,839	87,487	-
Total Enterprise and Community Services	197,839	87,487	-
Other Uses Expenditures			
5100 - Debt Service	-	-	-
Total Other Uses	-	-	-
Total General Fund	\$ 90,349,374	\$ 47,046,731	\$ 18,311,968

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ 1,814,418	\$ 1,750	\$ 299	\$ -	\$ -	\$ 39,374,137
3,366	-	-	-	-	3,516
941,441	5,000	10,791	-	-	17,052,979
49,266	10,593	4,805	-	-	670,064
1,104,406	-	14,472	-	-	19,425,147
208,651	73,614	15,429	-	-	2,516,275
559	-	-	-	-	329,851
47,096	-	41	-	-	8,778,497
39,125	-	-	-	-	4,921,386
2,460	-	-	-	-	3,524
25,918	-	-	-	-	8,440,982
13,312	-	-	-	-	1,833,213
2,853	-	-	-	-	253,531
372	-	-	-	-	32,023
<u>4,253,244</u>	<u>90,957</u>	<u>45,837</u>	<u>-</u>	<u>-</u>	<u>103,635,124</u>
1,727	-	-	-	-	501,818
5,645	-	175	-	-	5,537,892
6,733	-	2,935	-	-	1,572,102
14,153	-	420	-	-	1,361,031
17,022	-	1,255	-	-	2,382,430
11,489	-	-	-	-	1,323,035
18,388	-	879	-	-	2,067,042
187,513	-	825	-	-	1,879,480
7,086	-	-	-	-	454,199
26,553	-	1,109	-	-	469,268
35,134	-	18,253	-	-	212,368
67,916	-	3,367	-	-	547,511
158,137	1,000	4,767	-	-	11,677,218
-	-	-	-	-	44,709
191	-	3,304	-	-	156,900
99,306	-	788,455	-	-	2,086,964
1,243,024	724,208	3,686	-	-	14,621,567
1,255,580	20,569	202,592	-	-	8,265,370
96,469	62,256	160,440	-	-	1,137,130
-	-	-	-	-	92,634
5,690	-	590	-	-	214,676
32,111	-	47,594	-	-	1,650,014
848,043	125,548	-	-	-	4,091,011
-	-	-	-	-	143,429
<u>4,137,909</u>	<u>933,581</u>	<u>1,240,647</u>	<u>-</u>	<u>-</u>	<u>62,489,796</u>
-	-	-	-	-	285,326
-	-	-	-	-	285,326
-	-	704,206	-	-	704,206
-	-	704,206	-	-	704,206
<u>\$ 8,391,152</u>	<u>\$ 1,024,538</u>	<u>\$ 1,990,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,114,452</u>

Administrative School District No. 1
Deschutes County, Oregon
Special Revenue Fund Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2018

	Object 100	Object 200	Object 300
Instruction			
1111 - Primary, K-3 Programs	\$ 1,665	\$ 346	\$ 362,634
1113 - Elementary Extracurricular	1,184	789	73,847
1121 - Middle School Programs	28,363	5,881	140,324
1122 - Middle School Extracurricular	3,084	682	47,231
1131 - High School Programs	160,146	86,753	249,831
1132 - High School Extracurricular	49,544	21,803	582,537
1220 - Restrictive Prog Fr Disability	53,609	40,080	22,837
1250 - Less Restrictive Prog Disabled	1,671,395	925,107	13,667
1271 - Remediation	41,947	16,569	61
1272 - Title I	1,177,354	669,846	83,411
1280 - Alternative Education	16,100	16,913	124,367
1291 - English Second Language	37,208	22,910	-
1292 - Teen Parent Programs	112	38	421
1299 - Other Special Ed Programs	-	-	673
1400 - Summer School Programs	17,445	5,038	2,059
Total Instruction	3,259,154	1,812,756	1,703,899
Support Services			
2110 - Attendance and Social Work	98,876	58,477	84,494
2120 - Guidance Services	321,381	185,744	72,013
2130 - Health Services	23,552	13,856	13,300
2140 - Psychological Services	-	(1,926)	-
2150 - Speech Pathology and Audiology	-	-	-
2190 - Service Dir, Stu Support Svcs	-	-	-
2210 - Improvement of Instruction Svc	394,575	196,204	46,453
2220 - Educational Media Services	-	-	1,471
2230 - Assessment and Testing	57,534	32,864	-
2240 - Instructional Staff Developmnt	688,083	383,936	351,670
2320 - Executive Administration Svcs	34,057	4,679	-
2410 - Office of the Principal Svcs	398	199	210
2490 - Other Support Services	38,526	25,956	-
2510 - Business Support Services	-	-	-
2520 - Fiscal Services	-	-	-
2540 - Oper/Maint of Plant Services	6,992	2,506	406
2550 - Student Transportation Svcs	-	-	75,428
2620 - R&D, Eval, Grant Writing Svcs	7,573	4,463	-
2660 - Technology Services	-	-	-
2700 - Supplemental Retirement Progrm	270,526	5,856	-
Total Support Services	1,942,074	912,815	645,445
Enterprise and Community Services			
3100 - Food Services	2,392,501	1,290,478	241,244
3300 - Community Services	331,047	239,324	1,083,789
Total Enterprise and Community Services	2,723,548	1,529,802	1,325,033
Total Special Revenue Fund	\$ 7,924,775	\$ 4,255,373	\$ 3,674,378

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ 223,381	\$ -	\$ 65	\$ (10,355)	\$ -	\$ 577,736
242,946	-	-	11,850	-	330,615
160,903	3,000	131	(12,791)	-	325,811
99,023	5,507	528	12,799	-	168,854
602,015	37,513	2,948	(8,500)	-	1,130,707
919,572	59,617	3,052	8,173	-	1,644,298
36,163	-	-	78	-	152,767
1,703	-	-	(70)	-	2,611,801
2,763	-	-	-	-	61,339
29,429	-	-	-	-	1,960,039
12,412	-	-	15	-	169,808
258	-	-	-	-	60,375
756	-	-	-	-	1,327
2,121	-	-	-	-	2,794
2,065	-	-	-	-	26,607
<u>2,335,510</u>	<u>105,637</u>	<u>6,724</u>	<u>1,199</u>	<u>-</u>	<u>9,224,879</u>
207,228	-	1,485	-	-	450,561
4,015	-	-	528	-	583,681
-	-	-	-	-	50,708
-	-	-	-	-	(1,926)
778	-	-	-	-	778
-	-	-	-	-	-
8,836	5,000	-	-	-	651,069
30,164	-	95	61	-	31,791
-	-	-	-	-	90,398
28,594	-	400	-	-	1,452,684
-	-	-	-	-	38,736
4,577	-	-	-	-	5,384
-	-	-	-	-	64,483
-	-	308,214	-	-	308,214
-	-	-	-	-	-
5,395	308,821	-	-	-	324,121
203	18,000	-	(1,788)	-	91,843
-	-	-	-	-	12,036
-	-	-	-	-	-
-	-	-	-	-	276,382
<u>289,791</u>	<u>331,821</u>	<u>310,194</u>	<u>(1,199)</u>	<u>-</u>	<u>4,430,941</u>
3,230,346	127,684	154,000	-	-	7,436,253
30,337	-	-	-	-	1,684,497
<u>3,260,683</u>	<u>127,684</u>	<u>154,000</u>	<u>-</u>	<u>-</u>	<u>9,120,750</u>
<u>\$ 5,885,985</u>	<u>\$ 565,142</u>	<u>\$ 470,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,776,571</u>

Administrative School District No. 1

Deschutes County, Oregon

Debt Revenue Fund Schedule of Expenditures by Function (Budgetary Basis)

Year Ended June 30, 2018

Support Services Expenditures	Object 100	Object 200	Object 300
2520 - Fiscal Services	\$ -	\$ -	\$ 650
Total Support Services Expenditures	-	-	650
Other Uses Expenditures			
5100 - Debt Service	-	-	-
Total Other Uses Expenditures	-	-	-
Total Debt Service Fund	\$ -	\$ -	\$ 650

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650
-	-	-	-	-	650
-	-	37,994,283	-	-	37,994,283
-	-	37,994,283	-	-	37,994,283
\$ -	\$ -	\$ 37,994,283	\$ -	\$ -	\$ 37,994,933

Administrative School District No. 1
Deschutes County, Oregon
Capital Project Funds Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2018

Facilities Acquisition and Construction	Object 100	Object 200	Object 300
4110 - Constr Service Area Direction	\$ 718,000	\$ 333,746	\$ 1,280,995
4120 - Site Acquisition and Develop	-	-	-
4150 - Building Acquisition, Improv	40,247	14,417	36
Total Facilities Acquisition and Construction	758,248	348,164	1,281,031
Total Capital Projects Fund	\$ 758,248	\$ 348,164	\$ 1,281,031

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ 27,490	\$ 38,655	\$ -	\$ -	\$ -	\$ 2,398,886
-	1,303,670	-	-	-	1,303,670
909	23,814,453	-	-	-	23,870,063
28,399	25,156,778	-	-	-	27,572,619
<u>\$ 28,399</u>	<u>\$ 25,156,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,572,619</u>

Administrative School District No. 1

Deschutes County, Oregon

Trust and Agency Fund Schedule of Expenditures by Function (Budgetary Basis)

Year Ended June 30, 2018

Enterprise and Community Services Expend	Object 100	Object 200	Object 300
3300 - Community Services	\$ -	\$ -	\$ 17,420
Total Enterprise and Community Services Expend	-	-	17,420
 Total Trust and Agency Fund	 \$ -	 \$ -	 \$ 17,420
 Grand Totals of all funds	 \$ 99,032,396	 \$ 51,650,268	 \$ 23,285,447

Object 400	Object 500	Object 600	Object 700	Object 800	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,420
-	-	-	-	-	17,420
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,420
\$ 14,305,536	\$ 26,746,458	\$ 40,455,890	\$ -	\$ -	\$ 255,475,994

Administrative School District No. 1

Deschutes County, Oregon

Supplemental Information as Required by the Oregon State Department of Education

For the Year Ended June 30, 2018

A. Energy Bill for Heating - All Funds:

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

<u>Function</u>	<u>Objects 325 & 326</u>
2540	\$ 2,349,415
2550	-

B. Replacement of Equipment - General Fund

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

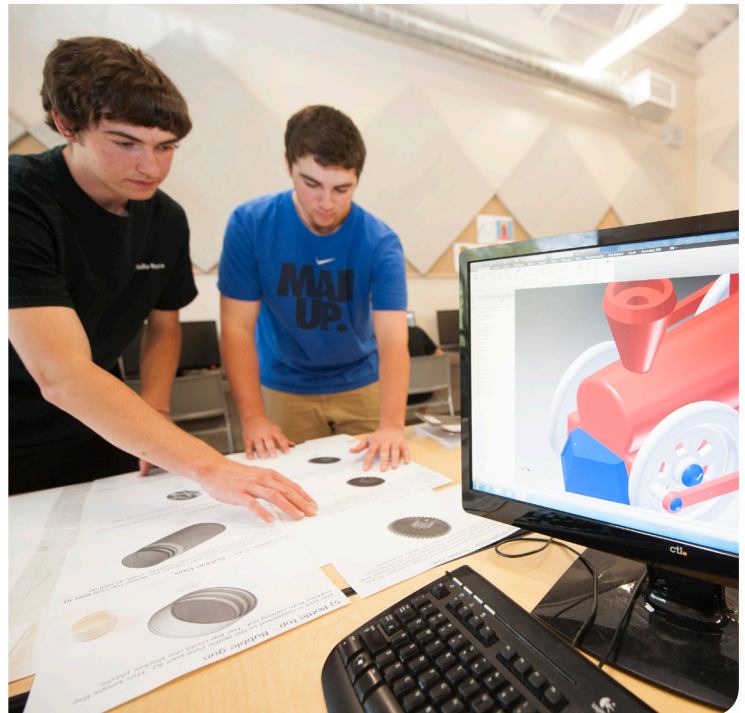
	<u>Fund</u>	<u>Amount</u>
Exclude these functions:	General	\$ -
1113, 1122, 1132 Co-curricular Activities		
1140 Pre-Kindergarten		
1300 Continuing Education		
1400 Summer School		
4150 Construction		
2550 Pupil Transportation		
3100 Food Service		
3300 Community Services		

AUDITOR'S COMMENTS



***"Tell me and I'll forget. Show me and I may remember.
Involve me and I learn."***

Benjamin Franklin





INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Administrative School District No. 1
Deschutes County, Oregon

We have audited the basic financial statements of the Administrative School District No. 1, Deschutes County, Oregon (the District) as of and for the year ended June 30, 2018 and have issued our report thereon dated November 30, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Brenda Bartlett". The signature is written in a cursive, flowing style.

Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

November 30, 2018

GRANT COMPLIANCE



***“Play is often talked about as if it were a relief from serious learning.
But for children, play is serious learning”***

Mr. Rogers



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

Board of Directors
Administrative School District No. 1
Deschutes County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Administrative School District No.1, Deschutes County, Oregon (the District), 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, and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' 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* - continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances 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 is not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

November 30, 2018



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

Board of Directors
Administrative School District No. 1
Deschutes, Oregon

Report on Compliance for Each Major Federal Program

We have audited Administrative School District No. 1, Deschutes County, Oregon (the District's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
- continued**

Report on Internal Control over Compliance

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

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

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

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



Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

November 30, 2018

Administrative School District No. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Agency	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total Awards	Footnote
USDA	Oregon Dept. of Education	School Breakfast Program	10.553	902001	\$ -	\$ 1,236,716	\$ 1,236,716	
		National School Lunch Program	10.555	902001	-	2,708,134	2,708,134	
		Food Distribution (Commodities)	10.555	902001	-	423,542	423,542	
		Child and Adult Care Food Program	10.558	902001	-	318,765	318,765	
		Commodities from Private Schools	10.555	n/a	-	3,851	3,851	
		Summer Food Service Program for Children	10.559	902001	-	109,548	109,548	
		<u>Subtotal Nutrition Cluster</u>			-	<u>4,800,555</u>	<u>4,800,555</u>	
		Fresh Fruit and Vegetable Program	10.582	902001	-	140,488	140,488	
<u>Total USDA</u>					-	<u>4,941,044</u>	<u>4,941,044</u>	
<u>Dept. of Defense</u>		National Junior ROTC	12.U01		70,101	-	70,101	
<u>Dept. of Homeland Security</u>	Oregon Military Dept.	Disaster Grants - Public Assistance	97.036		-	1,110,742	1,110,742	1
U.S. Dept. of Education	Oregon Dept. of Education	Title I Grants to Local Education Agencies	84.010	45729	-	77,400	77,400	
		Title I Grants to Local Education Agencies	84.010	41010	-	66,257	66,257	
				41881 &				
		Title I Grants to Local Education Agencies	84.010	41883	-	16,012	16,012	
		Title I Grants to Local Education Agencies	84.010	45547	-	2,619,238	2,619,238	
		Title I Grants to Local Education Agencies	84.010	41192	-	12,355	12,355	
				37544 &				
		Title I Grants to Local Education Agencies	84.010	37545	-	-	-	
		<u>Subtotal Title I</u>			-	<u>2,791,262</u>	<u>2,791,262</u>	1
		Special Education - Grants to States	84.027	45023	-	2,198	2,198	
		Special Education - Grants to States	84.027	46380	-	12,731	12,731	
		Special Education - Grants to States	84.027	45135	-	2,725,556	2,725,556	
		Special Education - Grants to States	84.027	44335	-	11,952	11,952	
		Special Education - Grants to States	84.027	42055	-	-	-	
				40556 &				
		Special Education - Preschool Grants	84.173	45343	-	17,135	17,135	
		<u>Subtotal IDEA Cluster</u>			-	<u>2,769,572</u>	<u>2,769,572</u>	
		Supporting Effective Instruction	84.367	41265	-	44,793	44,793	
		Supporting Effective Instruction	84.367	45761	-	375,172	375,172	
		Special Education-State Personnel Development	84.323	47581	-	18,834	18,834	
		English Language Acquisition State Grants	84.365	44198	-	80,521	80,521	
		Student Support and Academic Enrichment	84.424	47675	-	26,636	26,636	
		<u>Total Passed Through Oregon Department of Education</u>			-	<u>6,106,790</u>	<u>6,106,790</u>	

(1) Audited as major program

Administrative School District No. 1
Deschutes County, Oregon
Schedule Of Expenditures Of Federal Awards
For the Fiscal Year Ended June 30, 2018

<u>Federal Agency</u>	<u>Pass Through Agency</u>	<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Other Identification Number</u>	<u>From Direct Awards</u>	<u>From Pass Through Awards</u>	<u>Total Awards</u>	<u>Footnote</u>
	Oregon University System	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		-	19,635	19,635	
	High Desert ESD	Career and Technical Education - Basic Grants to States	84.048		-	5,299	5,299	
		Education for Homeless Children and Youth	84.196		-	13,861	13,861	
		<u>Total Passed Through High Desert ESD</u>			-	19,160	19,160	
	Dept. of Human Services		84.126A					
		Special Education - State Vocational Rehabilitation			-	52,394	52,394	
<u>Total US Dept. of Education</u>					-	6,197,980	6,197,980	
<u>US Dept. of Health and Human Services</u>	Oregon Employment Dept.	Child Care and Development Block Grant	93.575		-	18,234	18,234	
<u>Total Federal Financial Assistance</u>					<u>\$ 70,101</u>	<u>\$ 12,267,999</u>	<u>\$ 12,338,100</u>	

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures of Federal Awards Notes
For the Fiscal Year Ended June 30, 2018

Significant Accounting Policies

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Bend-La Pine Schools (the District). The information in this schedule is prepared in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position or changes in net position of the District.

Note B – Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the modified accrual basis of accounting. Revenues are recorded when measurable and available, or in the case of grants where the expenditure is the prime factor for determining eligibility, when the expenditure is made. Expenditures are recorded when a liability is incurred. Such expenditures are recognized using the Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C – Child Nutrition Cluster

The District commingles cash receipts from the US Department of Agriculture with similar state grants. When reporting expenditures on this schedule, the District assumes it expends federal monies first. The District reports commodities consumed on the Schedule at fair value.

**Administrative School District No. 1
Deschutes County, Oregon**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?
- Significant deficiencies?

No

None reported

Noncompliance material to the financial statements noted?

No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified?
- Significant deficiencies identified?

No

No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

<u>CFDA No(s).</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

**Administrative School District No. 1
Deschutes County, Oregon**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



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Summary Schedule of Prior Audit Findings

For the year ended June 30, 2018

Status of Prior Year Findings and Questioned Costs Relating to Federal Awards

Finding 2017-01 – Individuals with Disabilities Education Act (IDEA) – CFDA 84.027;
Grant No. 41010

Audit finding – Documentation did not support additional payroll costs charged to IDEA grant.

Recommendation – The District should implement additional monitoring controls by staff trained in the Uniform Guidance compliance.

Management response – Issue was reviewed with responsible staff and training was provided to staff in Uniform Guidance compliance.

Current status – This finding has been corrected.

Finding 2017-02 – Individuals with Disabilities Education Act (IDEA) – CFDA 84.027;
Grant No. 41010

Auditing finding – One instance in a sample of 40 where time charged to the grant was not documented and the reclassification of amounts originally recorded in the general fund to the grant.

Recommendation – The District should create an annual plan for IDEA spending and monitor the plan to identify surplus funds in a timely manner so that the plan can be supplemented to provide enhanced or supplemental services.

Management response – The District updated its planning for IDEA grants to avoid the appearance of supplanting and managing small remaining balances in the future.

Current status – This finding has been corrected.