

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30th, 2019



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

**520 NW Wall Street
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, 2019

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

Administrative School District No. 1
Deschutes County, Oregon
Financial Statements
Table of Contents

Table of Contents	ii
--------------------------------	-----------

Introductory Section

Letter of Transmittal	v
ASBO Notification of Award for Excellence in Financial Reporting	xv
GFOA Certificate of Excellence in Financial Reporting.....	xvi
Organizational Chart	xvii
Principal Officials.....	xviii

Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis.....	6
Basic Financial Statements	
Statement of Net Position	20
Statement of Activities.....	21
Balance Sheet Governmental Funds	22
Reconciliation of Governmental Funds	
Balance Sheet to Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in	
Fund Balances Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balance of Governmental Funds	
to the Statement of Activities	25
Statement of Revenues, Expenditures and Changes in Fund	
Balance Budget to Actual – General Fund and	
Special Revenue Fund	26
Statement of Fiduciary Net Position Fiduciary Fund – Private Purpose Trust Fund	28
Statement of Changes in Fiduciary Net Position	
Fiduciary Fund – Private Purpose Trust Fund.....	28
Notes to Financial Statements.....	30
Required Supplementary Information	
Schedule of Changes in Total OPEB and Related Ratios – Implicit Rate Subsidy	68
Schedule of the Proportionate Share of the Net Pension Liability for PERS	69
Schedule of Employer Contributions for PERS.....	70
Schedule of Proportionate Share of the Net OPEB Liability – RHIA.....	71
Schedule of Employer Contributions for OPEB – RHIA	72

Supplementary Information

Description of Fund Types	73
Combining Schedules of General Fund Subfunds	
Combining Schedule of Assets, Liabilities and Fund Balance General Fund Subfunds (GAAP Basis).....	76
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund Subfunds (GAAP Basis).....	78
Budgetary Comparisons	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual – General Fund	
Operations Subfund	82
Athletics and Activities Subfund	83
Instructional Materials Subfund	84
Transportation Equipment Subfund.....	85
Print Shop Equipment Subfund	86
Facility Usage Subfund	87
Technology Reserve Subfund	88
Maintenance Replacement Subfund	89
Insurance Reserve Subfund	90
Debt Service Fund.....	91
Capital Projects Fund	92
Private Purpose Trust Fund	93

Statistical Section

Statistical Section Contents	95
Net Position by Component – Last Ten Fiscal Years	97
Changes in Net Position – Last Ten Fiscal Years.....	98
Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	100
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	102
Assessed Value and Estimated Value of Taxable Property in Deschutes County - Last Ten Fiscal Years	104
Property Tax Rates – All Direct and Overlapping Governments - Last Ten Fiscal Years.....	106
Major Property Taxpayers – Deschutes County – Current Year and Nine Years Ago	108
Property Tax Levies and Collections for Operations and Debt Service - Last Ten Fiscal Years	109

Administrative School District No. 1
Deschutes County, Oregon
Financial Statements
Table of Contents

Computation of Direct and Overlapping Debt	110
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	111
Legal Debt Margin Information – Last Ten Fiscal Years	112
Ratio of Net Bonded Debt to Real Market Value and Net Bonded Debt per Capita – Last Ten Fiscal Years	113
Demographic and Economic Statistics – Last Ten Fiscal Years	114
Principal Employers – Current Year and Nine Years Ago	115
Full-time Equivalent Employees by Function – Last Ten Fiscal Years	116
Operating Indicators by Function – Last Ten Fiscal Years	118
Capital Asset Statistics by Function – Last Ten Fiscal Years	120
School Building Capacity and Enrollment	121
School Building Capacity and Enrollment Charts	122

Other Information

Schedules Required by Oregon Department of Education

Schedule of Detailed Revenues and Expenditures – (Budgetary Basis) - Actual and Budget	
Schedule of Revenues – All Funds	126
Schedule of Expenditures – General Fund	128
Schedule of Expenditures – Special Revenue Fund	130
Schedule of Expenditures – Debt Service Fund	132
Schedule of Expenditures – Capital Projects Fund	133
Schedule of Expenditures – Trust and Agency Fund	134
Supplemental Information as Required by Oregon State Department of Education	135

Independent Auditors' Report

Required by State Regulations	137
--	------------

Grant Compliance

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	139
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	141
Schedule of Expenditures of Federal Awards	143
Notes to Schedule of Expenditures of Federal Awards	144
Schedule of Findings and Questioned Costs	145

INTRODUCTORY SECTION



“Education is the most powerful weapon for changing the world”
Nelson Mandela



Business Office
Education Center
520 NW Wall Street
Bend, OR 97703

December 8, 2019

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, 2019. 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, 2019. 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, 2019 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 18,375 students in kindergarten through grade twelve and currently operates eighteen elementary schools, seven 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 fourteen-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 FY2018-19, Bend-La Pine Schools employed approximately 2,026 permanent staff including 1,019 teachers, counsellors 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. Bend-La Pine Schools is the second largest employer in Central Oregon.

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 four-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.

Each year, Bend-La Pines works to build upon our successes in order to deliver the best teaching and learning environment in Oregon. FY2018-19 was our best-ever graduation rate with 1,220 graduating. The Class of 2019 received more than \$8 million in college scholarship offers. In FY2018-19 our students scored 57 points higher on the SATs than peers around the state and our students took 1,492 Advanced Placement exams in more than 26 subjects.

At Bend-La Pine Schools we value the work of our specialists who help enrich our students' school experiences. Our schools are home to state and national award-winning activities including: newspaper, band, speech and debate, robotics, DECA, Future Farmers of America, Future Business Leaders of America and more. In FY2018-19, our students earned individual or team state titles in volleyball, swimming, track and field, cross-country, baseball, wrestling, swimming, golf, and tennis.

At Bend-La Pine Schools we strive to connect students with meaningful experiences beyond academics. Through community service efforts and an emphasis on kindness, empathy and social emotional learning in the classroom, we are helping all of our students become thriving citizens.

Our goal is to serve every student in Bend-La Pine Schools and to help build a brighter future for all of our students.

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.

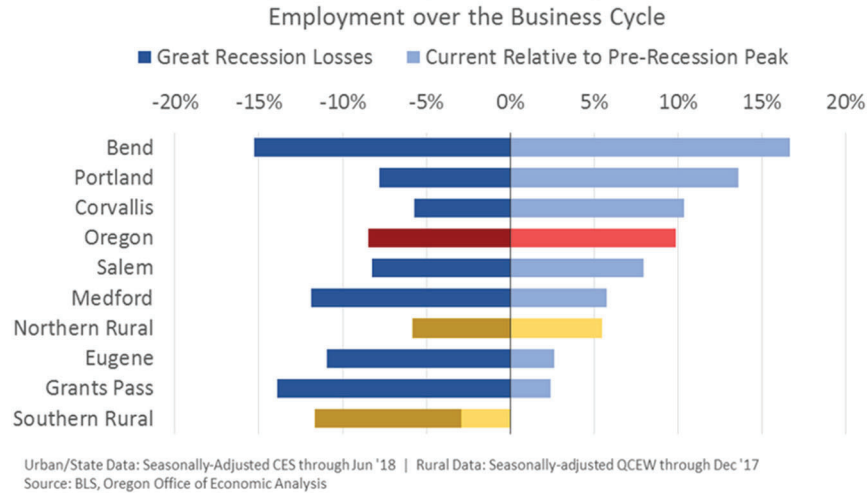
In FY2018-19, the taxable assessed value of property in Deschutes County increased by approximately 5.8 percent. The area's economic base has diversified significantly since 1980, when the region was known for its wood products. The top employers in the area are St. Charles Medical Center, a regional health service organization, Bend-La Pine Schools, Deschutes County, Bright Wood Corporation one of the world's largest manufacturers of wood components and millwork, Sunriver Resort a prime Central Oregon destination and Les Schwab a tire retail chain operating in the western United States. 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 November 2019 report from the Oregon Economic and Revenue Forecast, Oregon continues to see healthy rates of growth when it comes to employment, income, and GDP. However the state is no longer significantly outpacing the nation like it was a couple years ago and state-wide employment continues to transition down to more sustainable rates. As the business cycle matures and job growth slows, in-migration tapers as well. Oregon's population is increasing, but at a slower pace than in years past. The influx of new, working-age residents is smaller this year than last and will be even smaller in the years ahead. Preliminary population estimates for 2019 indicate that in-migration may have slowed a bit more than expected, indicating labor supply increased less than expected as well.

The November 2019 Forecast goes on to say while Oregon's economic expansion continues, growth has slowed and stabilized. In recent years, the state has enjoyed robust rates of job gains in the 3-3.5 percent range, or nearly 5,000 jobs per month. This condition is changing and the rate of job growth is slowing. Oregon is expected to continue to see healthy job gains – a bit more than 2,000 per month or about 2 percent over this year and into 2020 – but the state is now past its peak growth rates for this expansion. Importantly, such gains remain strong enough to hold unemployment down and account for ongoing population growth.

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

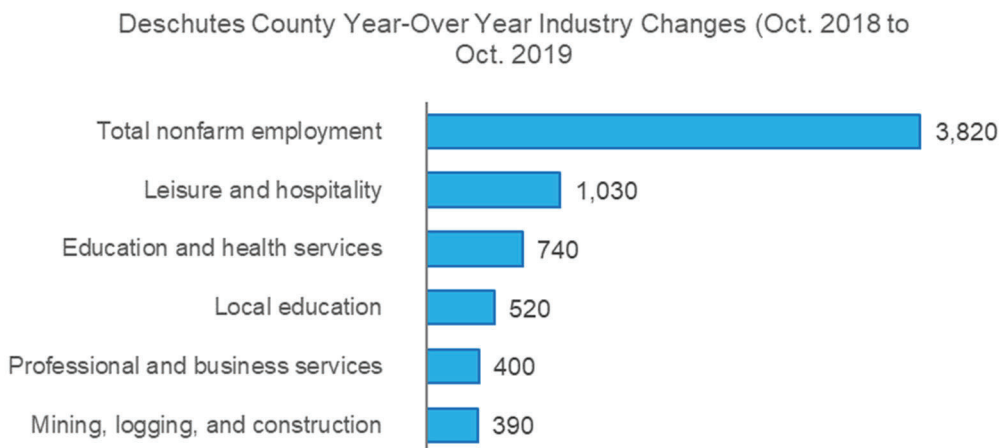
Oregon's Regional Expansion



Employment Outlook for Central Oregon

Central Oregon is projected to add jobs at a faster pace than any other part of the 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 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. The following chart shows the Deschutes County year-over-year growth in jobs by industry.



The population in Bend has increased by over 20,000 since 2010, a growth rate of almost 30 percent. The District has made substantial investments in school facilities to keep pace with that growth. While some of facilities are almost 100 years old over 95 percent of the net book value of buildings are related to assets placed in service since the beginning of the 21st century.

The FY2019-20 projected enrollment for Bend-La Pine Schools is 18,587, an increase of 159 students compared with enrollment of 18,428 on October 1, 2018. This represents about a 1 percent increase.

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, about or 11.2%, 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 FY2018-19 ending fund balance in the General Fund Operations subfund is almost \$11.5 million slightly more than the budgeted \$11.2 million.

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, North Star 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. The new high school and North Star Elementary School will add more capacity to keep pace with the growing community.

- North Star Elementary School: a new a two-story elementary school that includes 24 classrooms, media center, gym, and commons area opened in the fall of 2019.



- New High School: Site work is underway and the foundation has been poured. Community members, local leaders, school officials and students joined together to celebrate the ground-breaking for Bend-La Pine Schools' new high school in September 2019. The new 1,600-seat high school is slated to open to students in the fall of 2021.



- Collective bargaining: The District negotiated new economic terms with the Bend Education Association (certified) and the Oregon School Employees Association (classified) through 2021.

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 FY2018-19 adopted budget

included an ending fund balance for general fund operations set at 5 percent of resources, in accordance with the executive limitation. The actual FY2018-19 ending fund balance was approximately \$11.4 million.

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, 2019, 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 legal level of budgetary control is set at the major fund and major function level. At this level district and school administrators have discretion to reassign resources within major function levels.

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 30-66, 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. Please note that totals may not precisely add up due to rounding. We consider the differences to be immaterial.

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 August 2017, the District issued \$175 million of the 2017 general obligation bonds approved by the voters and the remaining \$93.3 million was issued in July 2019.

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 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, 2019 our net bonded debt is approximately \$2 billion 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 139.

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, 2018. 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 35 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, 2018. 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 36 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



**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, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



Tom Wohlleber, CSRM
President

David J. Lewis
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

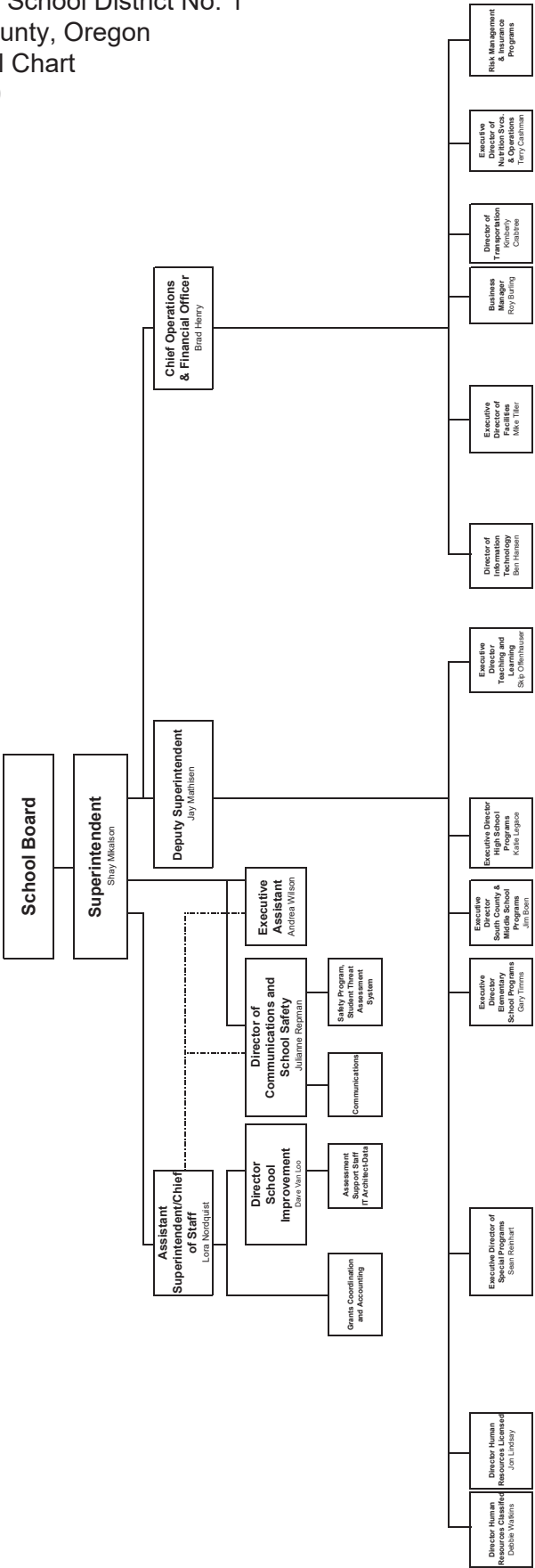
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Administrative School District No. 1
 Deschutes County, Oregon
 Organizational Chart
 June 30, 2019



BOARD OF DIRECTORS

Andy High - Chair
Bend, Oregon

June 30, 2019

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

Vacant

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



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, 2019, and the related notes to the financial statements, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Special Revenue Fund, 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, 2019, 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.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2019 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 December 8, 2019, 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.

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

December 8, 2019

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

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, 2019. 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 v – xiv of this report.

Financial Highlights

Key financial highlights for FY2018-19 are as follows:

- The District's net position of governmental activities increased by \$11.1 million which represents a 36 percent increase from FY2017-18.
- For governmental activities, general revenues accounted for \$221.5 million, 89 percent of total revenues of \$240 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$27.5 million, 11 percent of total revenues.
- The District had \$237.6 million in expenses related to governmental activities; only \$27.5 million was offset by program specific charges for services, grants or contributions. General revenues of \$221.5 were adequate to provide for the governmental activities of the District.
- The District's net pension liability decreased by \$17.5 million.
- At the end of FY2018-19, the District's governmental funds reported a combined fund balance of \$155.2 million, a decrease of \$47.5 million from FY2017-18, mainly the result of converting cash into buildings and improvements.

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 are comprised of 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.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, 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 FY2018-19. 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 20 and 21 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 23 and 25 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 28. 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 26 and 27. Budgetary comparisons for the Debt Service Fund and Capital Projects Fund funds have been provided as other supplementary information on pages 132 and 133. The District was fully compliant with Oregon Budget Law in FY2018-19.

The governmental fund financial statements can be found on pages 22 and 24 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 statements 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 subfunds 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 \$41.6 million at the close of the fiscal year ending June 30, 2019, an increase of almost \$11.3 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, 2019 this portion of the net position is positive which indicates

the District has \$156 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 68 percent of total assets. This percentage increased from FY2017-18 as a result of the capital construction program supported by the \$268 million general obligation bond approved by voters in May 2017. Information on capital asset activities is presented on page 43.

The District's largest liability, accounting for two-thirds 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 one-quarter of total liabilities. Together the long-term debt and net pension liability represent over 90 percent of total liabilities. Current liabilities, representing 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 61-63.

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, 2019 and June 30, 2018.

	Governmental Activities		
	2019	2018	Change
Capital assets	\$ 384,635,000	\$ 334,942,000	\$ 49,693,000
Current and other assets	182,206,758	224,672,000	(42,465,242)
Total assets	566,841,758	559,614,000	7,227,758
Deferred outflow of resources	61,861,000	52,408,000	9,453,000
Long-term liabilities	532,109,000	534,841,000	(2,732,000)
Current liabilities	45,119,000	44,926,000	193,000
Total liabilities	577,228,000	579,767,000	(2,539,000)
Deferred inflows of resources	9,849,000	2,009,000	7,840,000
Net Position			
Net investment in capital assets	155,762,000	146,069,000	9,693,000
Restricted	17,840,000	14,959,000	2,881,000
Unrestricted	(131,977,000)	(130,757,000)	(1,220,000)
Total net position	\$ 41,625,000	\$ 30,271,000	\$ 11,354,000

Rounded to nearest thousand

Governmental Activities

The District's net position increased by approximately \$11.4 million in FY2018-19. Capital assets increased by \$50 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 FY2018-19 and FY2017-18.

Changes in Net Position, Fiscal Year Ended June 30

	<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues			
Programs revenues			
Charges for services	\$ 4,648,000	\$ 4,135,000	\$ 513,000
Operating grants and contributions	22,117,000	20,958,000	1,159,000
Capital grants and contributions	746,000	873,000	(127,000)
General revenues			
Property taxes	112,899,000	106,462,000	6,437,000
Federal aid not restricted to specific purposes	215,000	1,292,000	(1,077,000)
State aid not restricted to specific purposes	94,700,000	92,740,000	1,960,000
Intermediate aid not restricted to specific purposes	2,795,000	2,718,000	77,000
Earnings on investments	5,557,000	1,851,000	3,706,000
Other local revenue	1,721,000	3,393,000	(1,672,000)
Insurance proceeds	3,602,000	5,441,000	(1,839,000)
<u>Total Revenues</u>	<u>249,000,000</u>	<u>239,863,000</u>	<u>9,137,000</u>
Expenses			
Instruction	136,684,000	113,857,000	22,827,000
Support services	75,564,000	89,997,000	(14,433,000)
Enterprise and community services	9,612,000	8,776,000	836,000
Interest on long-term liabilities	15,787,000	15,757,000	30,000
<u>Total Expenses</u>	<u>237,647,000</u>	<u>228,387,000</u>	<u>23,162,000</u>
Changes in net position	11,353,000	11,476,000	(123,000)
<u>Net position</u>	<u>30,272,000</u>	<u>18,796,000</u>	<u>11,476,000</u>
<u>Net position June 30</u>	<u>\$ 41,625,000</u>	<u>\$ 30,272,000</u>	<u>\$ 11,476,000</u>

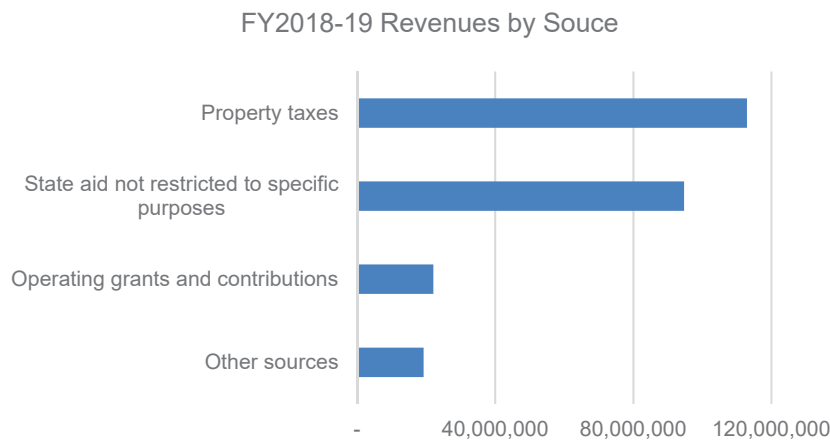
Rounded to nearest thousand

The increase in operating grants and contributions is from the second year of High School Success program, also referred to as Measure 98 and \$600,000 in Career and Technical Education funding from the Oregon Department of Education. The increase in property taxes is the result of the increase in assessed values in Deschutes County. The decrease of \$1.1 million in Federal aid reflects the one-time FEMA reimbursement received in FY2017-18 for the January 2017 severe winter storm event. The

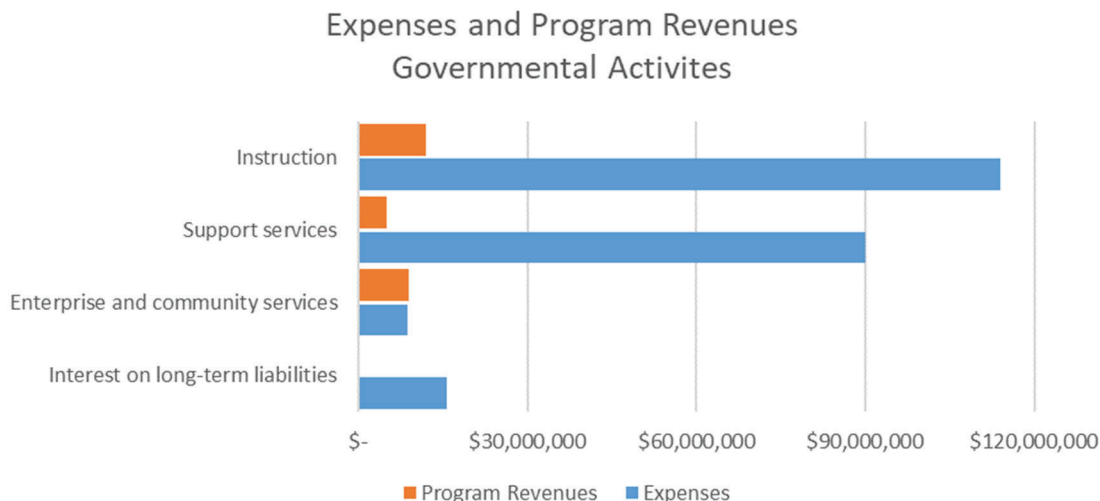
decrease in insurance proceeds is also related to the January 2017 winter storm event and the replacement of the Kenwood gymnasium. Both the FEMA claim and insurance claim are closed.

Net position of the District's governmental activities increased by almost \$11.5 million. Total governmental expenses of \$238 million were offset by program revenues of \$27.5 million and general revenues of \$221.4 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.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 22) reported a FY2018-19 combined fund balance of \$155 million, a decrease of almost \$47.5 million compared with the FY2017-18 combined fund balance of \$202.7 million. The decrease in the combined fund balance is primarily the result of expenditures for capital outlay related to 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, 2019 and 2018.

Fund	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Change	Percentage Change from June 30, 2018
General Fund	\$ 19,883,000	\$ 17,071,000	\$ 2,812,000	16%
Special Revenue Fund	8,440,000	8,164,000	276,000	3%
Debt Service Fund	3,585,000	2,385,000	1,200,000	50%
Capital Projects Fund	123,285,000	175,098,000	(51,813,000)	-30%
Totals	\$ 155,193,000	\$ 202,718,000	\$ (47,525,000)	-23%

Rounded to nearest thousand

General Fund

The District's general fund balance increased by \$2.8 million. The increase is attributable to a state-wide increase in the State School Fund Formula based on property taxes collected across the state and state-wide student enrollment growing slower than anticipated in projections. A favorable interest rate environment also contributed to the increase in fund balance.

The following table summarizes the revenues and expenditures for FY2018-19 and FY2017-18:

	FY2018-19	FY2017-18	Change from FY2017-18	Percentage Change
Revenues				
Property taxes	\$ 80,378,000	\$ 75,844,000	\$ 4,534,000	6%
Investment earnings	1,373,000	671,000	702,000	105%
Other local sources	4,858,000	5,114,000	(256,000)	-5%
Intermediate sources	2,795,000	2,572,000	223,000	9%
State sources	87,707,000	86,807,000	900,000	1%
Federal sources	251,000	1,310,000	(1,059,000)	-81%
Total revenues	\$ 177,362,000	\$ 172,318,000	\$ 5,044,000	3%
Expenditures by function				
Instruction	\$ 107,743,000	\$ 103,544,000	\$ 4,199,000	4%
Support services	64,695,000	61,556,000	3,139,000	5%
Community services	353,000	285,000	68,000	24%
Debt service	704,000	704,000	-	0%
Capital outlay	2,535,000	1,025,000	1,510,000	147%
Total expenditures	\$ 176,030,000	\$ 167,114,000	\$ 8,916,000	5%

Rounded to nearest thousand

The increase in property taxes reflects the growth in assessed valuation in Deschutes County.

Investment earnings continue to reflect a favorable interest rate environment. The decrease in other local sources reflects a decline in the FCC's E-rate program reimbursement for technology equipment. The increase in State sources is a result of the District's enrollment growth and an increase in the funding amount per ADMw. The decrease in Federal sources reflect the one-time FEMA reimbursement received in FY2017-18 for the January 2017 winter storm event.

The largest expenditure line items, instruction and support services, increased over FY2017-18. These expenditures increased to meet the growth in student enrollment, contractual obligations with employees, and increases in the costs of supplies and services.

The increase in capital outlay reflects FY2018-19 investments made in school buses and the leasehold improvements for the REALMS and Skyline High School facility.

General Fund Budgeting Highlights

Original budget compared to final budget. There were no changes to the FY2018-19 original budget.

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

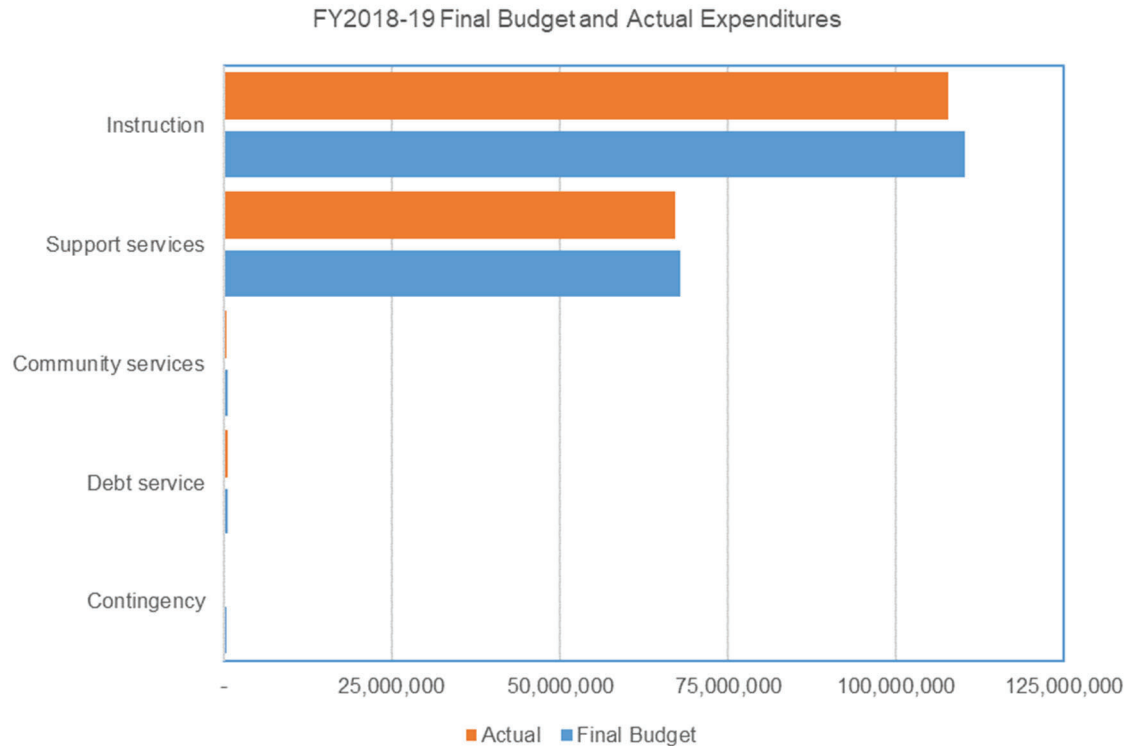
Revenue Source	Estimated Revenues - Final Budget	Actual Revenues	Difference	Percentage Difference from Final Budget
Property taxes	\$ 79,607,000	\$ 80,378,000	\$ 771,000	1%
Investment earnings	455,000	1,373,000	918,000	202%
Other local sources	4,748,000	4,858,000	110,000	2%
Intermediate sources	2,675,000	2,795,000	120,000	4%
State sources	85,731,000	87,707,000	1,976,000	2%
Federal sources	28,000	251,000	223,000	796%
Total	\$ 173,244,000	\$ 177,362,000	\$ 4,118,000	2%

Rounded to nearest thousand

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 estimated, State sources are reduced accordingly. The difference in federal sources reflects the Medicaid revenues received for services provided to students. The increase in investment earnings is attributable to a favorable interest rate environment.

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. FY2018-19 General Fund adopted appropriations were almost \$180 million and actual budget basis expenditures were \$176 million, which was \$4 million lower than the final budget appropriations. Another way to consider this is the District spent about 98 percent of the FY2018-19 appropriations. This is consistent with the District's conservative budgeting and spending practices.

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion and Analysis
June 30, 2019



Special Revenue Fund

The District's special revenue fund balance increased by \$276,000. The following table summarizes the revenues and expenditures for FY2018-19 and FY2017-18.

	FY2018-19	FY2017-18	Change	Percentage Change
Revenues				
Investment earnings	\$ 90,000	\$ 62,000	\$ 28,000	31%
Other local sources	7,660,000	8,454,000	(794,000)	-10%
Intermediate sources	795,000	823,000	(28,000)	-4%
State sources	5,255,000	2,968,000	2,287,000	44%
Federal sources	10,618,000	11,209,000	(591,000)	-6%
Total revenues	\$ 24,418,000	\$ 23,516,000	\$ 902,000	4%
Expenditures				
Instruction	\$ 9,434,000	\$ 9,118,000	\$ 316,000	3%
Support services	4,977,000	4,100,000	877,000	18%
Community services	8,898,000	8,993,000	(95,000)	-1%
Capital outlay	833,000	565,000	268,000	32%
Total expenditures	\$ 24,142,000	\$ 22,776,000	\$ 1,366,000	6%

Rounded to nearest thousand

The increase in State sources is the High School Success, a new program initiated by ballot Measure 98. FY2018-19 was the second year of this program and funding increased by \$1.5 million compared with FY2017-18. The measure provides funding to establish or expand programs in three specific areas:

Administrative School District No. 1
Deschutes County, Oregon
Management's Discussion and Analysis
June 30, 2019

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

In addition to the increase in Measure 98 funding, the District was awarded over \$600,000 in Career and Technical Education funding from the Oregon Department of Education.

The increase in expenditures for instruction and support services are related to the High School Success program. The increase in capital outlay reflects the continuing investment in leasehold improvements for Skyline and REALMS high schools.

Long-term Debt

At June 30, 2019, the District had total debt outstanding of approximately \$377 million consisting of general obligation bonds, limited tax pension bonds, notes from direct borrowings and full faith and credit obligations, net of unamortized premium/discount.

During FY2018-19, the District's total debt decreased by \$22.5 million, almost 6 percent. The decrease is the result of making scheduled debt service payments. The District issued a \$1.3 million note from direct borrowings to purchase school buses. In FY2017-18 the District issued \$175 million in general obligation bonds and issued the balance, \$93.3 million, of the \$268.3 million approved by the District's voters at the May 2017 election in July 2019. The debt service fund had \$41 million in revenues and \$40.0 million in expenditures for regularly scheduled debt service payments. In FY2018-19 the debt service fund balance increased by \$1.2 million from \$2.4 million to \$3.6 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, 2019 and 2018.

	Governmental Activities		
	FY2018-19	FY2017-18	Change
General obligation bonds	\$ 313,540,000	\$ 332,610,000	\$ (19,070,000)
Limited tax pension obligation bonds	57,940,000	61,528,000	(3,588,000)
Full faith and credit bonds	2,775,000	3,345,000	(570,000)
Notes from direct borrowings	2,398,000	1,675,000	723,000
<u>Total outstanding debt</u>	<u>\$ 376,653,000</u>	<u>\$ 399,158,000</u>	<u>\$ (22,505,000)</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 \$2.4 billion and the District is well within this limit. The current legal debt margin is approximately \$2 billion. More detailed information on long-term debt activity can be found in the notes to the basic financial statements beginning on page 30.

Capital Projects Fund

The District's capital projects fund balance decreased by almost \$105 million, reflecting the expenditure of general obligation debt issued in FY2017-18. The following table summarizes the revenues and expenditures for FY2018-19 and FY2017-18.

	FY2018-19	FY2017-18	Change	Percentage Change from FY2017-18
Revenues & other financing sources				
Investment earnings	\$ 3,652,000	\$ 763,000	\$ 2,889,000	379%
Other local sources	75,000	18,000	57,000	317%
Proceeds from insurance	3,512,000	5,317,000	(1,805,000)	-34%
General obligation debt issued	-	175,000,000	(175,000,000)	-100%
Premium from general obligation debt	-	12,809,000	(12,809,000)	-100%
<u>Total revenues & other financing sources</u>	<u>\$ 7,239,000</u>	<u>\$ 193,907,000</u>	<u>\$ (186,668,000)</u>	<u>-96%</u>
Expenditures				
Facilities acquisition & construction	\$ 1,569,000	\$ 2,416,000	\$ (847,000)	-35%
<u>Capital outlay</u>	<u>57,484,000</u>	<u>25,157,000</u>	<u>32,327,000</u>	<u>129%</u>
<u>Total expenditures</u>	<u>\$ 59,053,000</u>	<u>\$ 27,573,000</u>	<u>\$ 31,480,000</u>	<u>114%</u>

Rounded to nearest thousand

Net capital assets increased by almost \$50 million in FY2018-19. See Note "C" on page 43 in the basic financial statements for further details on the District's capital assets. Major capital asset events during the FY2018-19 included the following:

- North Star Elementary School – a new a two-story elementary school that includes 24 classrooms, media center, gym, and commons area opened in the fall of 2019.
- New High School - site work is underway and the foundation has been poured. The New High School will be a two-story school that will include approximately 59 classrooms, a 600-seat auditorium and a library as a central focal point of the school. The New High School is scheduled to open in the fall of 2021.
- Marshall High School – improvements included a new gym, locker rooms, fitness room, restrooms and two Career and Technical Education classrooms.
- Pilot Butte Middle School – continuing renovations include modernized classrooms and new roofs on several buildings.
- Elk Meadow Elementary School - installation of energy efficient LED lighting, storm water drainage improvements, stage work, adding projectors and fans and other technology and safety updates.
- La Pine Elementary School – interior painting and lighting conversion to more energy efficient LED lights.
- Paving and accessibility improvements are underway at eight sites and fencing projects are taking place at several sites throughout the district.

Economic Factors and FY2019-20 Budgets and Rates

The following economic factors currently affect the District and were considered in developing the FY2019-20 budget.

- FY2019-20 is the first year of the 2019-21 biennium. The operating budget was based a state funding level of \$8.9 billion with a 49/51 split between the first and second year of the biennium.
- The FY2019-20 ending fund balance for General Fund Operations was budgeted at 5 percent of revenues.
- Student enrollment was projected to be 18,587, an increase of 159 students compared with the October 1, 2018 enrollment of 18,428.
- Funding from the State School Fund was estimated to be \$175.2 million.
- FY2019-20 salary schedules increased by 3 percent and the district's contribution to health insurance increased by \$45 per month.
- FY2019-20 PERS employer rates, OPSRP and Tier1/Tier2 are 17.31 percent and 22.76 percent, an increase of 4.65 percent and 4.77 percent as compared with the FY2018-19 employer rates.
- The District negotiated new agreements for wages and benefits with all of the employee groups in June 2019.
- During the 2019 legislative session, Oregon's leaders made a commitment to our children, our educators, our schools and our state with the passage of the Student Success Act. When fully implemented, the Student Success Act is expected to invest \$1 billion annually in early learning and K-12 education each year. At the heart of the SSA is a commitment to improving access and opportunities for students who have been historically underserved in the education system. In FY2020-21 the District expects \$12 to \$13 million from the Student Success Act.

New Accounting Standards Implemented

The District implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements during FY2018-19.

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.

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

Basic Financial Statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Net Position
June 30, 2019

	Governmental Activities
	<u>2019</u>
Assets:	
Cash and investments	\$ 168,992,491
Property taxes receivable	2,959,771
Accounts and other receivables	3,339,460
Intergovernmental receivable	3,785,686
Prepaid items	1,354,950
Inventories	418,549
Net OPEB RHIA asset	999,849
Asset held for resale	356,002
Capital assets, net of depreciation	
Land	33,104,836
Construction in progress	65,247,096
Site improvements	13,379,089
Buildings and improvements	264,168,336
Vehicles and equipment	8,735,510
<u>Total assets</u>	<u>566,841,625</u>
Deferred outflow of resources:	
Pension related deferred outflows	54,523,621
OPEB related deferred outflows	999,210
Deferred charges on advanced refunding	6,337,773
<u>Total deferred outflows of resources</u>	<u>61,860,604</u>
Liabilities	
Accounts payable	9,098,039
Accrued payroll and related charges	12,167,383
Accrued interest	584,981
Retainage payable	2,245,577
Claims and judgments due within one year	60,976
Long-term liabilities due within one year	20,923,210
Rental deposits	38,965
Accrued compensated absences	97,311
Noncurrent liabilities due in more than one year	
Net pension liability	144,280,577
Other postemployment benefits, implicit rate subsidy	9,765,370
OPEB liability - RHI	-
Claims and judgments due in more than one year	197,882
Long-term liabilities due in more than one year	377,767,656
<u>Total liabilities</u>	<u>577,325,238</u>
Deferred inflows of resources:	
PERS deferred inflows	8,947,212
OPEB - RHI deferred inflows	281,234
OPEB - implicit subsidy deferred inflows	620,721
<u>Total deferred inflows of resources</u>	<u>9,849,167</u>
Net investment in capital assets	155,761,926
Restricted for:	
Transportation	1,623,280
Federal, state, and private grants	1,135,395
Energy efficiency program	1,915,353
Student and other activities	
Debt service	3,585,442
Capital projects	9,580,753
Unrestricted	(131,977,014)
<u>Total net position</u>	<u>\$ 41,625,135</u>

Totals may not precisely add due to rounding

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Statement of Activities
Year Ended June 30, 2019

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
					2019
Governmental Activities					
Instruction					
Regular instruction	\$ 104,942,894	\$ 783,801	\$ 5,690,997	\$ -	\$ (98,468,096)
Special programs including summer school	31,741,476	-	5,121,317	-	(26,620,159)
Total direct classroom services	136,684,370	783,801	10,812,314	-	(125,088,255)
Support Services					
Students	15,650,576	-	1,046,839	-	(14,603,737)
Instructional staff	7,785,949	-	2,412,008	-	(5,373,941)
General administration	914,887	-	36,686	-	(878,201)
School administration	13,366,227	-	671,366	-	(12,694,861)
Business, transportation and maintenance	31,021,996	925,270	1,102,383	723,899	(28,270,444)
Central activities	6,635,118	-	9,811	-	(6,625,307)
Supplemental retirement program	189,161	-	-	-	(189,161)
Total classroom support services	75,563,914	925,270	5,279,093	723,899	(68,635,652)
Enterprise and Community Services					
Food services	7,496,746	2,320,696	4,222,405	22,360	(931,285)
Other enterprise and community services	2,115,027	617,861	1,803,215	-	306,049
Total enterprise and community services	9,611,773	2,938,557	6,025,620	22,360	(625,236)
Unallocated interest expense	15,786,678	-	-	-	(15,786,678)
Total school district	\$ 237,646,735	\$ 4,647,628	\$ 22,117,027	\$ 746,259	(210,135,821)
General revenues:					
Property taxes levied for general purposes					80,352,548
Property taxes levied for debt service					32,546,206
Federal aid not restricted to specific purposes					214,745
State aid not restricted to specific purposes					94,700,274
Intermediate aid not restricted to specific purposes					2,795,026
Earnings on investments					5,556,931
Other local revenue					1,720,727
Gain on sale of capital assets					659
Insurance proceeds					3,602,123
Total general revenues					221,489,239
Change in net position					11,353,418
Net position - beginning					30,271,717
Net position - ending					\$ 41,625,135

Totals may not precisely add due to rounding

See notes to financial statements

Administrative School District No. 1
Deschutes County, Oregon
Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Assets					
Cash and investments	\$ 30,557,985	\$ 4,748,485	\$ 3,345,005	\$ 130,341,015	\$ 168,992,490
Receivables:					
Property taxes	2,133,313	-	826,459	-	2,959,772
Accounts and other receivables	179,512	1,407,361	-	1,752,587	3,339,460
Intergovernmental receivables	966,251	2,819,436	-	-	3,785,687
Prepaid items	1,277,370	77,580	-	-	1,354,950
Inventories	122,798	295,751	-	-	418,549
Total assets	\$ 35,237,229	\$ 9,348,613	\$ 4,171,464	\$ 132,093,602	\$ 180,850,908
Liabilities, Deferred Inflows and Fund Balances					
Liabilities					
Accounts and interest payable	\$ 2,321,145	\$ 256,046	\$ -	\$ 6,520,848	\$ 9,098,039
Accrued payroll and related charges	11,472,881	652,738	-	41,764	12,167,383
Rental deposits	38,954	-	-	-	38,954
Retainage payable	-	-	-	2,245,577	2,245,577
Total liabilities	13,832,980	908,784	-	8,808,189	23,549,953
Deferred inflows of resources					
Unavailable revenue - property taxes	1,521,527	-	586,022	-	2,107,549
Fund balances					
Nonspendable	1,400,168	373,331	-	-	1,773,499
Restricted	1,623,280	4,979,961	3,585,442	123,285,413	133,474,096
Assigned	12,379,772	3,086,537	-	-	15,466,309
Unassigned	4,479,502	-	-	-	4,479,502
Total fund balances	19,882,722	8,439,829	3,585,442	123,285,413	155,193,406
Total liabilities, deferred inflows and fund balances	\$ 35,237,229	\$ 9,348,613	\$ 4,171,464	\$ 132,093,602	\$ 180,850,908

Totals may not precisely add due to rounding

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, 2019

Total fund balances, June 30, 2019 (page 22) \$ 155,193,406

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

Cost	\$ 549,679,026	
Accumulated depreciation	<u>(164,688,158)</u>	384,990,868

Proportionate share of the PERS net pension liability (144,280,577)

Deferred outflow on refunding reported in the government wide statement of net position 6,337,773

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	\$ 54,523,621	
Deferred outflows of resources related to OPEB	999,210	
Deferred inflow of resources related to pensions	(8,947,212)	
Deferred inflow of resources related to OPEB	(281,234)	
Deferred inflow of resources related to OPEB implicit	<u>(620,721)</u>	45,673,664

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. 2,107,549

Net OPEB-RHIA asset reported in the government wide statement of net position 999,849

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	\$ (2,397,598)	
Accrued interest payable	(584,981)	
Bonds payable	(374,255,358)	
Unamortized portion of bond issuance premium	(21,757,826)	
Net OPEB obligation-implicit rate subsidy	(9,765,370)	
Compensated absences	(97,322)	
Accrued claims and judgments	(258,858)	
Early retirement benefits payable	<u>(280,084)</u>	<u>(409,397,397)</u>

Total net position (page 20) \$ 41,625,135

Totals may not precisely add due to rounding

Administrative School District No. 1
Deschutes County, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Revenues					
Property taxes	\$ 80,377,702	\$ -	\$ 32,546,206	\$ -	\$ 112,923,908
Tuition	19,250	-	-	-	19,250
Investment earnings	1,373,453	89,508	441,570	3,652,409	5,556,940
Other local sources:					
Food services	-	2,320,696	-	-	2,320,696
Print shop	882,686	-	-	-	882,686
Indirect	660,577	-	-	-	660,577
Charges for services	684,920	-	-	-	684,920
Other local sources	2,610,360	5,339,526	-	75,473	8,025,359
Intermediate sources:					
County school funds	390,026	-	-	-	390,026
ESD apportionment	2,405,000	795,000	-	-	3,200,000
State sources:					
State school fund	85,247,581	57,356	8,202,262	-	93,507,199
Common school fund	1,916,974	-	-	-	1,916,974
Other state sources	542,838	5,197,716	-	-	5,740,554
Federal grant sources	250,868	10,618,455	-	-	10,869,323
Total revenues	177,362,235	24,418,257	41,190,038	3,727,882	246,698,412
Expenditures					
Current:					
Instruction	107,743,364	9,434,496	-	-	117,177,860
Support services	64,695,372	4,976,679	650	-	69,672,701
Community services	353,262	8,897,615	-	-	9,250,877
Facilities acquisition and construction	-	-	-	1,568,689	1,568,689
Debt service:					
Principal	667,116	-	21,468,127	-	22,135,243
Interest	37,090	-	18,521,129	-	18,558,219
Capital outlay	2,535,327	833,143	-	57,484,271	60,852,741
Total expenditures	176,031,531	24,141,933	39,989,906	59,052,960	299,216,330
Revenues over (under) expenditures	1,330,704	276,324	1,200,132	(55,325,078)	(52,517,918)
Other financing sources (uses)					
Proceeds from insurance	89,875	-	-	3,512,248	3,602,123
Proceeds from long-term debt	1,390,000	-	-	-	1,390,000
Sale of fixed assets	670	-	-	-	670
Total other financing sources (uses)	1,480,545	-	-	3,512,248	4,992,793
Net change in fund balances	2,811,249	276,324	1,200,132	(51,812,830)	(47,525,125)
Fund balances, beginning of year	17,071,473	8,163,505	2,385,310	175,098,243	202,718,531
Fund balances, end of year	\$ 19,882,722	\$ 8,439,829	\$ 3,585,442	\$ 123,285,413	\$ 155,193,406

Totals may not precisely add due to rounding

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, 2019

Net change in fund balance (page 24) \$ (47,525,125)

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	\$ 62,421,429	
Less current year depreciation	<u>(12,372,571)</u>	50,048,858

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	\$ (1,390,000)	
Debt principal repaid	<u>22,135,243.00</u>	20,745,243

In the statement of activities, pension expense is adjusted based on the actuarially
determined contribution changes (14,876,275)

Amortization of deferred outflow on debt refunding (1,300,056)

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	\$ -	
Amortization of premiums, net of discount amortization	<u>2,261,384</u>	2,261,384

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	\$ 1,759,699	
Accrued interest on general obligation bonds and other long term debt	<u>50,514</u>	1,810,213

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. (25,154)

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. (28,800)

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	\$ 276,516	
OPEB RHIA	526,587	
OPEB - implicit subsidy	(398,656)	
Estimated claims and judgments	<u>(161,317)</u>	<u>243,130</u>

Change in net position (page 21) \$ 11,353,418

Totals may not precisely add due to rounding

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, 2019

	General Fund					
	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 79,606,880	\$ 79,606,880	\$ 770,822	\$ 80,377,702	\$ -	\$ 80,377,702
Tuition	-	-	19,250	19,250	-	19,250
Investment earnings	455,000	455,000	918,453	1,373,453	-	1,373,453
Other local sources	4,748,080	4,748,080	90,463	4,838,543	-	4,838,543
Intermediate sources	2,675,000	2,675,000	120,026	2,795,026	-	2,795,026
State sources	85,731,275	85,731,275	1,976,118	87,707,393	-	87,707,393
Federal sources	28,000	28,000	222,868	250,868	-	250,868
Total revenues	173,244,235	173,244,235	4,118,000	177,362,235	-	177,362,235
Expenditures						
Current:						
Instruction	110,230,488	110,230,488 (1)	2,388,797	107,841,691	(98,328)	107,743,363
Support services	67,973,258	67,973,258 (1)	840,887	67,132,371	(2,436,999)	64,695,372
Community services	570,134	570,134 (1)	216,872	353,262	-	353,262
Debt service	704,206	704,206 (1)	-	704,206	(704,206)	-
Principal	-	-	-	-	667,116	667,116
Interest	-	-	-	-	37,090	37,090
Facilities acquisition and construction	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,535,327	2,535,327
Contingency	500,000	500,000	500,000	-	-	-
Total expenditures	179,978,086	179,978,086	3,946,556	176,031,530	-	176,031,530
Revenues over (under) expenditure	(6,733,851)	(6,733,851)	(8,064,556)	1,330,705	-	1,330,705
Other financing sources (uses)						
Proceeds from insurance	-	-	89,875	89,875	-	89,875
Sale of fixed assets	-	-	670	670	-	670
Proceeds from long-term debt	2,000,000	2,000,000	(610,000)	1,390,000	-	1,390,000
Transfer from special revenue fund	500,000	500,000	(500,000)	-	-	-
Total other financing sources (uses)	2,500,000	2,500,000	(1,019,455)	1,480,545	-	1,480,545
Net change in fund balances	(4,233,851)	(4,233,851)	7,045,101	2,811,250	-	2,811,250
Fund balance, beginning of year	13,715,111	13,715,111	3,356,362	17,071,473	-	17,071,473
Fund balance, end of year	\$ 9,481,260	\$ 9,481,260	\$ 10,401,463	\$ 19,882,723	\$ -	\$ 19,882,723

Totals may not precisely add due to rounding

(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, 2019

	Special Revenue Fund					
	Budgeted Amounts		Variance with Final Budget	Actuals		
	Adopted	Final	Over (Under)	Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ 84,501	\$ 89,501	\$ -	\$ 89,501
Other local sources	8,788,777	8,788,777	(1,128,554)	7,660,223	-	7,660,223
Intermediate sources	800,000	800,000	(5,000)	795,000	-	795,000
State sources	9,416,715	9,416,715 ⁽²⁾	(4,161,641)	5,255,074	-	5,255,074
Federal sources	14,100,000	14,100,000	(3,481,543)	10,618,457	-	10,618,457
Total revenues	33,110,492	33,110,492	(8,692,237)	24,418,255	-	24,418,255
Expenditures						
Current						
Instruction	16,070,311	16,070,311 ⁽¹⁾	(6,299,507)	9,770,804	(336,307)	9,434,497
Support services	7,911,501	7,911,501 ⁽¹⁾	(2,489,771)	5,421,730	(445,050)	4,976,680
Community services	10,590,180	10,590,180 ⁽¹⁾	(1,640,787)	8,949,393	(51,786)	8,897,607
Capital outlay	-	-	-	-	833,143	833,143
Total expenditures	34,571,992	34,571,992	(10,430,065)	24,141,927	-	24,141,927
Revenues over (under) expenditures	(1,461,500)	(1,461,500)	1,737,828	276,328	-	276,328
Other financing sources (uses)						
Transfer to general funds	(500,000)	(500,000)	500,000	-	-	-
Total other financing sources (uses)	(500,000)	(500,000) ⁽¹⁾	500,000	-	-	-
Net change in fund balance	(1,961,500)	(1,961,500)	2,237,828	276,328	-	276,328
Fund balance, beginning of year	5,413,000	5,413,000	2,750,508	8,163,508	-	8,163,508
Fund balance, end of year	\$ 3,451,500	\$ 3,451,500	\$ 4,988,336	\$ 8,439,836	\$ -	\$ 8,439,836

Totals may not precisely add due to rounding

(1) Appropriation level

(2) Included in this State Revenue is the required match of \$57,356 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, 2019

	<u>2019</u>
Assets	
Cash and investments	\$ 103,052
Net position held in trust for scholarships	<u>\$ 103,052</u>

Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Private Purpose Trust Fund
Year Ended June 30, 2019

	<u>2019</u>
Additions:	
Donations	\$ 9,991
Investment earnings	2,837
Total revenues	<u>12,828</u>
Deductions:	
Scholarships	<u>15,000</u>
Change in net position	(2,172)
Net position - beginning	<u>105,224</u>
Net position - ending	<u>\$ 103,052</u>

See notes to financial statements

Notes to Financial Statements

1. 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 Schools, was organized under provisions of the Oregon Statutes pursuant to ORS Chapter 332 and provides education services to children from grades K-12 located in Bend, La Pine and surrounding areas. The District has seven high schools, two K-8 schools, one K-8 charter school, seven middle schools, one K-5 charter school, and sixteen 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:

- a. 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.

- b. 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.
- c. 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.
- d. 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:

- e. 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 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

a. 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.

b. Excess of expenditures over appropriations

No expenditures exceeded appropriation for the fiscal year ending June 30, 2019.

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

a. 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).

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.

b. 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 upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

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

- iii. 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.

c. 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.

d. 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

e. 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 expected 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.

f. 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.

g. 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.

h. 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:

- i. Non-spendable 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.
- ii. Restricted fund balance indicates the portion of fund equity for which the use is externally restricted by grantors, creditors, or law.
- iii. 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.
- iv. 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

a. Program revenues

Amounts included in program revenues include: 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 the National School Lunch Program, and the portion of the state school fund for transportation representing 70% of allowable transportation expenditures. All taxes or other internally dedicated resources are reported as general revenues rather than as program revenues.

b. 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.

c. 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 FY2008-09, 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.

d. 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 1.74 percent.

e. 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.

2. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental 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. One element of that reconciliation explains that “Capital assets are not financial resources and therefore are not reported in the governmental funds.” The details of this \$384,990,868 are as follows:

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Land	\$ 33,104,837
Construction in progress	65,247,095
Buildings and improvements	397,292,768
Less: Accumulated depreciation buildings and improvements	(133,124,432)
Site improvements	21,682,519
Less: Accumulated depreciation site improvements	(8,303,430)
Vehicles and equipment	31,995,805
Less: Accumulated depreciation vehicles and equipment	(23,260,295)
Assets held for resale	356,002
Net adjustments to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 384,990,869</u>

Another element of the reconciliation is that other long-term assets “are not available soon enough to pay for the current year’s operations and, therefore, are not reported as revenue in the governmental funds.” The \$2,107,549 in long-term assets are comprised of 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 not payable in the current year are not reported as governmental fund liabilities.” These long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds.” The details of that \$546,961,062 difference are as follows:

Long term debt	\$ 2,397,598
Bonds payable	374,255,358
Net OPEB asset RHIA	(999,849)
Other postemployment benefits, deferral	620,721
Deferred refunding	(6,337,773)
Net pension liability	144,280,577
Accrued interest payable	584,981
Unamortized portion of bond issuance premium	21,757,826
Net OPEB obligation	9,765,370
Compensated absences	97,311
Accrued claims and judgments	258,858
Early retirement benefits payable	280,084
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 546,961,062</u>

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 \$(46,294,385) difference are as follows:

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Pension related deferred outflows	\$ (54,523,621)
OPEB related deferred outflows	(999,210)
Pension related deferred inflows	8,947,212
OPEB related deferred inflows	281,234
<u>Total deferred inflows/outflows related to pension plan</u>	<u>\$ (46,294,385)</u>

- 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. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$50,048,858 difference are as follows:

Capital outlay	\$ 62,421,428
Depreciation expense	(12,372,571)
<u>Net adjustment to decreases in net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</u>	<u>\$ 50,048,858</u>

Another element of that reconciliation states “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.” The detail of this \$20,745,243 difference is as follows:

Long-term loans issued	\$ (1,390,000)
Debt principal repaid	22,135,243
<u>Net adjustment for issuance and payment of long-term debt</u>	<u>\$ 20,745,243</u>

Another element of that reconciliation states “Certain expenses 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 \$2,960,717 difference are as follows:

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Compensated absences	\$ (28,800)
Claims and judgments	(161,317)
Accrued/accreted interest on debt	1,810,213
Property taxes	(25,154)
Early retirement benefits	276,516
Amortization of deferred debt refunding	(1,300,056)
Amortization of bond premiums	2,261,384
Amortization of OPEB obligation - RHIA	526,587
Amortization of OPEB obligation - implicit subsidy	(398,656)

Net adjustment to decreases in net changes in fund balances - total

government funds to arrive at changes in net position of governmental activities \$ 2,960,717

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 that are not recorded in the budgetary basis financial statements. The details of the \$(14,876,274) are as follows:

Net pension liability	\$(17,519,986)
Deferred outflows - actual experience	(1,222,202)
Deferred outflows - changes in assumptions	10,438,766
Deferred outflows - actual earnings	(1,305,931)
Deferred outflows - actual change in proportionate share	671,392
Deferred outflows - contribution difference	(128,880)
Deferred outflows - contribution after measurement date	570,908
Deferred inflow - earnings difference	(143,005)
Deferred inflow - actual change in proportionate share	169,538
Deferred inflow - actual earnings	(6,406,874)
<u>Total components of pension liability adjustments at measurement date</u>	<u>\$(14,876,274)</u>

3. Stewardship, compliance and accountability

A. Violations of legal or contractual provisions

For the year ended June 30, 2019, 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.

4. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

In the case of deposits, and in the event of a bank failure, the district's deposits may not be returned. As of June 30, 2019, the district's bank balances were \$21,591,518, and \$20,838,518 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.

B. Investments

As of June 30, 2019, the District was invested as follows:

Investment Type	Classification	Total	Moody's Aaa
US Treasury securities	Level 1	\$ 84,676,624	\$ 84,676,624
US Agency securities	Level 1	31,929,605	31,929,605
Total		\$ 116,606,229	\$ 116,606,229

- a. 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, 2019 the District's investment holdings meet the requirement of this policy.
- b. 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 institution's 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, 2019. 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, 2019, the fair value of the position in the LGIP is 100.65 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.

- c. 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:

Issuer	Percentage of Total
Federal Home Bank Loan	9.10%
Federal Home Loan Mortgage Corp	9.27%
Federal Farm Credit Bank	9.02%
US Treasury Securities	72.62%
Total	100%

- d. 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.

C. Receivables

The accounts and other receivables 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 receivables 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, 2019:

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Accounts and other receivables	\$	3,339,460
Intergovernmental receivables		3,785,686
<u>Total</u>	<u>\$</u>	<u>7,125,147</u>

D. Capital assets

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

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated				
Land	\$ 33,102,337	\$ 2,500		\$ 33,104,837
Construction in progress	18,970,605	52,757,674	6,481,183	65,247,095
<u>Total non-depreciable assets</u>	<u>52,072,942</u>	<u>52,760,174</u>	<u>6,481,183</u>	<u>98,351,932</u>
Capital assets being depreciated:				
Buildings and improvements	384,397,392	12,895,376		397,292,768
Site improvements	21,202,124	480,395		21,682,519
Vehicles and equipment	29,640,659	2,410,665	(55,520)	31,995,805
<u>Total depreciable assets at cost</u>	<u>435,240,175</u>	<u>15,786,436</u>	<u>(55,520)</u>	<u>450,971,091</u>
Less accumulated depreciation for:				
Buildings and improvements	(123,471,703)	(9,652,729)		(133,124,432)
Site improvements	(7,533,411)	(770,020)		(8,303,430)
Vehicles and equipment	(21,365,993)	(1,949,822)	55,520	(23,260,295)
<u>Total accumulated depreciation</u>	<u>(152,371,106)</u>	<u>(12,372,571)</u>	<u>55,520</u>	<u>(164,688,157)</u>
<u>Total depreciable assets, net</u>	<u>282,869,069</u>	<u>3,413,865</u>	<u>-</u>	<u>286,282,934</u>
Assets held for resale	-	356,002	-	356,002
<u>Total capital assets, net</u>	<u>\$ 334,942,011</u>	<u>\$ 56,530,041</u>	<u>\$ 6,481,183</u>	<u>\$ 384,990,869</u>

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	70,861	-	78,147
Students	9,154,677	359,651	728,548	10,242,877
Business, transportation and maintenance	489,822	1,514,726	41,471	2,046,020
<u>Total depreciation expense</u>	<u>\$ 9,652,729</u>	<u>\$ 1,949,822</u>	<u>\$ 770,020</u>	<u>\$ 12,372,571</u>

E. Pension plan

a. PERS pension program

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-employer 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 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.

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

- iv. 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.

b. OPSRP pension program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

- i. Pension benefits: This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the 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.
- ii. 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.
- iii. 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.
- iv. 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.

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

c. 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, 2019 was 17.99 percent of covered annual payroll. The rate for OPSRP for the year ended June 30, 2019 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, 2019, the District reported a net pension liability of \$144,280,577 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .95 percent, this is an increase from June 30, 2017, when the District's proportion was .94 percent. For the year ended June 30, 2019, the District recognized a pension expense of \$29,346,001.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 4,907,994	\$ -
Changes of assumptions	33,544,960	-
Net difference between projected and actual earnings on investments	-	6,406,873
Changes in proportionate share	1,523,609	559,476
Differences between employer contributions and employer's proportionate share of the system contributions	77,328	1,980,862
<u>Subtotal-amortized deferrals</u>	<u>40,053,891</u>	<u>\$ 8,947,211</u>
District contributions subsequent to the measurement date	14,469,727	
<u>Total PERS deferred outflows</u>	<u>\$ 54,523,618</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:

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Year ending	Amount
June 30, 2020	\$ 17,879,141
June 30, 2021	12,401,965
June 30, 2022	(1,775,843)
June 30, 2023	1,738,210
June 30, 2024	863,207
Total deferred outflow (inflow) of resources	\$ 31,106,680

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/Documents/Financials/CAFR/2018-CAFR.pdf>

d. Actuarial valuations

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier 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 (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) 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:

<u>Actuarial Methods and Assumptions</u>	
	<u>Pension</u>
Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of 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.

e. Discount rate

The discount rate used to measure the total pension was 7.20 percent, a decrease from 7.50 percent in 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.

f. 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 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/Documents/Financials/CAFR/2018-CAFR.pdf>, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

g. 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.

Long-Term Expected Rate of Return				
Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
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 June 7, 2017.				

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

	<u>Discount rate</u>	<u>Proportionate share of net pension liability (asset)</u>
1% decrease	6.20%	\$ 241,120,102
Current discount rate	7.20%	144,280,577
1% increase	8.20%	64,347,475

i. 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, 2018, employers will report the following deferred inflows of resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- 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:

Fiscal Year ended June 30, 2018 - 5.2 years

Fiscal Year ended June 30, 2017 - 5.3 years

Fiscal Year ended June 30, 2016 - 5.3 years

Fiscal Year ended June 30, 2015 - 5.4 years

Fiscal 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.

F. 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 premium 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.

a. Other post-employment benefit health insurance subsidy

i. 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.

ii. Total OPEB liability

The District's total OPEB liability of \$9,765,370 was measured as of July 1, 2019 and was determined by an actuarial valuation as of July 1, 2018.

iii. Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2018 actuarial 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, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal, level percent of salary
Discount rate	4.00% per year, based on all years discounted at municipal bond rate
Inflation rate	2.50 percent per year
Payroll growth	3.50 percent per year plus Salary Merit Scale
Annual premium increase rate	The initial rates are based in part on the 2017 Segal Health Plan Cost Trend Survey. Rates are trended down, from 7.0 percent in 2018-19 to 5.0 percent in 2038 and beyond, in accordance with prevalent actuarial practice based in part on the Society of Actuaries - Getzen Longer Term Healthcare Trends Resource Model, as updated August 2017.
Mortality	Basic table: RP-2014 Employee/Healthy annuitant, sex-distinct, generational Improvement scale: Unisex Social Security Data Scale (60 year average) Active employee/retiree adjustments: White collar adjustment, set back 12 months Beneficiary adjustments: Blended 50% blue collar/50% white collar, set back 12 months for males, no set back for females
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 age

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Retirement rates	As developed for the valuation of benefits under Oregon PERS. For the current school year, it is assumed that the 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, 2018	\$ 8,988,225
Changes for the year	
Service Cost	501,534
Interest	346,262
Difference between expected and actual experience	1,165,745
Changes in assumptions	(724,174)
Benefit payments	(512,221)
Net Changes	777,145
Total OPEB Liability at June 30, 2019	\$ 9,765,370

As of June 30, 2019, the deferred inflows and outflows were as follows:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 999,210	\$ -
Changes in assumptions	-	620,721
Total	\$ 999,210	\$ 620,721

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB's will be recognized in OPEB expense as follows:

Year ended June 30	OPEB Expense
2020	\$ 63,082
2021	63,082
2022	63,082
2023	63,082
2024	63,082
Thereafter	63,079

- iv. 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 (3.00 percent) or one percentage point higher (5.00 percent) than the current rate:

	1% Decrease 3.00%	Current discount rate 4.00%	1% Increase 5.00%
<u>Total OPEB liability</u>	<u>\$ 10,532,116</u>	<u>\$ 9,765,370</u>	<u>\$ 9,048,833</u>

- v. 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 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% Decrease 6.00% graded down to 4.00%	Current trend rate 7.00% graded down to 5.00%	1% Increase 8.00% graded down to 6.00%
<u>Total OPEB liability</u>	<u>\$ 8,684,585</u>	<u>\$ 9,765,370</u>	<u>\$ 11,032,129</u>

- b. 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, 2019, the District reported a net OPEB asset of \$999,849 for its proportionate share of the net OPEB liability/asset. The measurement date was as of June 30, 2018 and the actuarial valuation date was as of December 31, 2016. As of June 30, 2019, the District's proportion was .90 percent, this is an increase from June 30, 2018 when the District's proportion was .87 percent.

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

At June 30, 2019, the District also reported a net OPEB deferred inflow of \$(281,234) calculated as follows:

	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 56,664
Changes of assumptions	3,172
Net difference between projected and actual earnings on investments	215,565
Changes in proportionate share	5,833
Differences between employer contributions and employer's proportionate share of system contributions	-
<u>Total</u>	<u>\$ 281,234</u>
District contributions subsequent to the measurement date	-
<u>Total deferred outflows/(inflow)</u>	<u>\$ (281,234)</u>

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

<u>Year ending June 30</u>	<u>Amount</u>
2020	\$ (93,551)
2021	(93,220)
2022	(73,035)
2023	(21,428)
<u>Total deferred outflow (inflow) of resources</u>	<u>\$ (281,234)</u>

i. Actuarial methods and assumptions:

<u>Actuarial Methods and Assumptions</u>	
	RHIA
Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

ii. Discount rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 7.20 percent, a decrease from the prior measurement date of 7.5 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.

iii. 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:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

iv. 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 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.

v. 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 7.20 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 (6.20 percent) or a 1-percentage-point higher (8.20 percent) than the current rate.

	Discount rate	Proportionate share of net pension liability (asset)
1% decrease	6.20%	\$ (582,161)
Current discount rate	7.20%	(999,849)
1% increase	8.20%	(1,355,386)

vi. 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, 2018, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- A difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual earnings. One-year's amortization is recognized in the employer's total OPEB expense for the measurement period

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 each measurement period are described below:

Fiscal Year ended June 30, 2018 - 3.3 years
Fiscal Year ended June 30, 2017 - 3.7 years

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

G. Commitments and contingencies

As of June 30, 2019, the District has contractual commitments for construction and improvement projects. As of June 30, 2019, the commitments are:

<u>Project</u>	<u>Commitment Remaining</u>
Administrative Offices	\$ 1,004
North Star Elementary School	1,619,703
New High School	120,113,656
Bend High School upgrades	766,860
Elk Meadow Elementary School upgrades	731,105
High Desert Middle School upgrades	36,576
Juniper Elementary School upgrades	290,366
Lava Ridge Elementary School upgrades	4,113
Marshall High School upgrades	30,170
Mountain View High School upgrades	12,750
Pilot Butte Middle School upgrades	1,461,221
Sky View Middle School upgrades	885
Amity Creek @ Thompson Elementary School upgrades	13,432
Entry upgrades	1,328
Secure vestibles	798,371
Buckingham Elementary School upgrades	19,000
La Pine Elementary School upgrades	404,772
DW structure analysis	48,700
La Pine High School retrofit HVAC upgrades	12,940
Sky View Middle School HVAC upgrades	749
Summit High School HVAC upgrades	351,518
William Miller Elementary School HVAC upgrades	267,376
Mountain View High School roof	544,700
Pilot Butte Middle School roof	499,010
<u>Total commitments remaining</u>	<u>\$ 128,030,304</u>

H. 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

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

unemployment claims during FY2018-19 that were unpaid as of June 30, 2019. The estimate was calculated based on district experience and actual claims paid after June 30, 2019. A reconciliation of the claims liability at the end of the year are as follows:

	2019	2018
Beginning balance	\$ 16,366	\$ 24,565
Claims incurred	140,078	58,061
Claims paid	(57,551)	(66,259)
Ending balance	<u>\$ 98,893</u>	<u>\$ 16,366</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 FY2018-19 that were unpaid as of June 30, 2019. The liability was calculated using actual claims settled and paid after June 30, 2019. A reconciliation of the claims liability at the end of the year are as follows:

	2019	2018
Beginning balance	\$ 97,540	\$ 465,386
Claims incurred	161,318	72,975
Claims paid	-	(440,821)
Ending balance	<u>\$ 258,858</u>	<u>\$ 97,540</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.

a. 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

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

developing a healthy and safe schools plan outlined by the state, which includes items like lead and radon testing.

I. Leases

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$768,491 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year ending June 30	Amount
2020	\$ 725,599
2021	659,752
2022	240,888
2023	87,988
Total lease costs	\$ 1,714,227

J. Long-term liabilities

The District has outstanding general obligation bonds, full faith and credit bonds, limited tax pension bonds and notes from direct borrowings related to governmental activities totaling \$313,540,000, \$2,775,000, \$57,940,358, & \$2,397,598, respectively. The District has pledged property taxes and all unobligated revenues from the general fund to the punctual payment of principal and interest in the full faith and credit bonds and notes from direct borrowings. The District's outstanding notes from direct borrowings provide that in the event of default all amounts payable under the agreement will become immediately due and payable. The District does not have any open or unused lines of credit.

The changes in long-term obligations for governmental activities for the year ended June 30, 2019 are as follows:

	Balance at July 1, 2018	Increases/ Accretion	Decreases	Balance at June 30, 2019	Due within One Year
General obligation bonds	\$332,610,000	\$ -	\$19,070,000	\$313,540,000	\$15,135,000
Full faith and credit bonds	3,345,000	-	570,000	2,775,000	565,000
Limited tax pension obligation bonds	61,528,184	807,174	4,395,000	57,940,358	4,755,000
Notes from direct borrowings	1,674,714	1,390,000	667,116	2,397,598	468,210
Total	<u>\$399,157,898</u>	<u>\$2,197,174</u>	<u>\$24,702,116</u>	<u>\$376,652,956</u>	<u>\$20,923,210</u>

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

Debt service requirements on long-term debt at June 30, 2019 are as follows:

As of June 30	General Obligation Bonds		Full Faith and Credit Bonds		Limited Tax Pension Obligation Bonds		Notes from direct borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 15,135,000	\$ 12,346,177	\$ 565,000	\$111,000	\$ 4,755,000	\$ 2,611,352	\$ 468,210	\$ 96,963
2021	17,065,000	11,625,048	560,000	88,400	5,255,000	2,594,158	474,822	82,680
2022	18,775,000	10,923,275	555,000	66,000	5,690,000	2,496,264	481,566	68,264
2023	20,745,000	9,991,025	550,000	43,800	6,280,000	2,304,219	139,000	53,710
2024	15,910,000	8,962,525	545,000	21,800	6,915,000	2,087,191	139,000	46,038
2025-2029	104,315,000	33,968,625	-	-	30,420,000	4,012,534	695,000	115,096
2030-2034	90,125,000	14,134,550	-	-	-	-	-	-
2035-2039	31,470,000	1,392,175	-	-	-	-	-	-
Total	\$313,540,000	\$103,343,400	\$2,775,000	\$331,000	\$59,315,000	\$16,105,717	\$2,397,598	\$462,750

a. 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, 2019, the District's net bonded debt is \$2,030,124,057 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 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, 2019, \$62,570,000 of bonds outstanding were considered defeased.

b. 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. General fund resources typically have been used to liquidate the limited tax pension obligation bonds.

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

c. 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 to 4%.

d. Notes from direct borrowings

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 interest rate shall increase to 5.99% in an Event of Default that extends beyond 30 days after a written demand is made to the District to cure such failure. On March 21, 2019, the District financed \$1,390,000 to purchase 10 school buses. This loan matures in 2029 and the fixed interest rate is 2.76%. The interest rate will increase by 1.50% in an Event of Default that extends beyond 60 days after a written demand is made to the District to cure such failure. The payments on these notes from direct borrowings are made from the general fund.

e. Other long-term liabilities

The District carries the liabilities below. With the exception of early retirement, all listed liabilities are liquidated from the general fund. Early retirement is liquidated from the special revenue fund.

	Balance June			Balance June	Due
Long-term liabilities	30, 2018	Additions	Payments	30, 2019	within one
Other post-employment benefits	\$ 8,988,225	\$ 777,145	\$ -	\$ 9,765,370	\$ -
Net pension liability	126,760,591	17,519,986	-	144,280,577	-
Claims and judgments	97,540	161,317	-	258,858	60,976
Accrued compensated absences	68,523	28,789	-	97,311	97,311
Early retirement	556,600	-	276,516	280,084	130,100
<u>Total long-term liabilities</u>	<u>\$136,471,479</u>	<u>\$18,487,237</u>	<u>\$276,516</u>	<u>\$154,682,201</u>	<u>\$288,387</u>

K. 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

Administrative School District No. 1
Deschutes County, Oregon
Notes to Financial Statements
June 30, 2019

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, 2019	June 30, 2018
Nonspendable:						
Inventory	\$ 122,798	\$ 295,751	\$ -	\$ -	\$ 418,549	\$ 534,123
Prepaid items	1,277,370	77,579	-	-	1,354,949	980,727
Restricted for:						
Capital projects	-	-	-	123,285,413	123,285,413	175,098,243
Debt service	-	-	3,585,442	-	3,585,442	2,385,310
Energy efficiency program	-	1,915,353	-	-	1,915,353	1,631,292
Federal, state, and private grants	-	1,135,395	-	-	1,135,395	1,293,949
Transportation equipment	1,623,280	-	-	-	1,623,280	530,335
Assigned to:						
Appropriated fund balance	5,709,654	-	-	-	5,709,654	4,233,851
Student athletics	220,672	-	-	-	220,672	363,603
Facility usage	1,001,113	-	-	-	1,001,113	716,905
Instructional materials	1,151,297	-	-	-	1,151,297	565,765
Maintenance equipment replacement	641,161	-	-	-	641,161	262,912
Technology replacement	1,856,663	-	-	-	1,856,663	1,846,004
Print shop equipment	411,991	-	-	-	411,991	403,912
Insurance and risk reserves	1,387,221	-	-	-	1,387,221	1,231,599
Student activities	-	2,259,923	-	-	2,259,923	2,159,415
Nutrition services	-	1,218,310	-	-	1,218,310	1,395,714
Early retirement program	-	642,564	-	-	642,564	831,725
Student and staff safety	-	427,678	-	-	427,678	5,080
Other programs	-	467,275	-	-	467,275	371,189
Unassigned	4,479,500	-	-	-	4,479,500	5,876,876
Total fund balances	\$19,882,720	\$8,439,828	\$3,585,442	\$ 123,285,413	\$155,193,403	\$202,718,529

L. Interfund transfers

The District did not have any interfund transfers in FY2018-19.

M. 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, 2019, the District's revenues were estimated to be reduced by the following amounts for each program:

Program	Estimated Tax Exempted/Abated to District
Enterprise zones	\$ 575,936
Housing for low income rental	22,850
Nonprofit low-income rental housing	98,379
Solar projects	68,517
Total exempted/abated	\$ 765,682

N. 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 FY2009-10, benefits for retirees under the plan were reduced each year by 10 percent and on June 30, 2013, the plan closed to new retirees.

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 \$189,147 and covered 45 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:

Year ending June 30	Total
2020	\$ 130,100
2021	84,772
2022	42,914
2023	19,194
2024	3,104
Total	\$ 280,084

O. Prior period restatements

The District did not have any prior period restatements in FY2018-19.

P. Subsequent events to disclose

On July 24, 2019, the District issued \$93,300,000 in general obligation bonds to fund various capital projects.

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
June 30, 2019

OPEB Liability - Health Insurance Implicit Rate Subsidy

Total OPEB Liability	2019	2018
Service cost	\$ 501,534	\$ 489,301
Interest	346,262	325,807
Difference between expected and actual experience	1,165,745	-
Changes in assumptions	(724,174)	-
Benefit payments	(512,221)	(540,824)
Net change in total OPEB liability	777,146	274,284
Total OPEB Liability - beginning	8,988,225	8,713,941
Total OPEB Liability - ending	<u>\$ 9,765,371</u>	<u>\$ 8,988,225</u>
Estimated covered payroll	\$ 99,777,120	\$ 91,648,023
Total OPEB Liability as a percentage of covered payroll	9.79%	9.81%

The amounts presented for each fiscal year were actuarially determined at December 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
June 30, 2019

Year ended June 30	(a) Employers proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employers covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.95%	\$ 144,280,577	\$ 94,509,032	152.66%	82.07%
2018	0.94%	126,760,591	88,930,218	142.54%	83.10%
2017	0.95%	142,785,408	85,613,516	166.78%	80.50%
2016	0.94%	54,255,989	80,315,145	67.55%	91.90%
2015	0.88%	(19,970,972)	76,781,668	-26.01%	103.60%

The amounts presented for each fiscal year were actuarially determined at December 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 year 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
June 30, 2019

Year ended June 30	Statutorily required contribution	Contributions in the relation to the statutorily required contribution	Contribution deficiency (excess)	Employer covered payroll	Contributions as a percent of covered payroll
2019	\$ 14,469,727	\$ 14,469,727	-	\$ 98,767,292	14.65%
2018	13,898,819	13,898,819	-	94,509,032	14.71%
2017	8,751,328	8,751,328	-	88,930,218	9.84%
2016	8,379,165	8,379,165	-	85,613,516	9.79%
2015	10,122,605	10,122,605	-	80,315,145	12.60%
2014	9,674,212	9,674,212	-	76,781,668	12.60%

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

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of Proportionate Share of the Net Other Post Employment Benefits Liability - RHIA
June 30, 2019

Year ended June 30	(a) Employer's proportion of net OPEB liability (NOL)	(b) Employer's proportionate share of net OPEB liability (NOL)	(c) Employers covered payroll	(b/c) NOL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total OPEB liability
2019	0.90%	\$ (999,849)	\$ 94,509,032	-1.06%	124.0%
2018	0.87%	(363,209)	88,930,218	-0.41%	108.9%
2017	0.88%	240,400	85,613,516	0.28%	94.2%

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

Administrative School District No. 1
Deschutes County, Oregon
Required Supplementary Information
Schedule of Employer Contributions for Other Post Employment Benefits - RHIA
June 30, 2019

Year ended June 30	Statutorily required contribution	Contributions in the relation to the statutorily required contribution	Contribution deficiency (excess)	Employer covered payroll	Contributions as a percent of covered payroll
2019	\$ 429,920	\$ 429,920	-	\$ 98,767,292	0.44%
2018	433,280	433,280	-	94,509,032	0.46%
2017	394,714	394,714	-	88,930,218	0.44%

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

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.

Subfund account groupings are used to separate accounting records for management purposes. The subfund 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.

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

Combining Schedules of General Fund Subfunds

Administrative School District No. 1
Deschutes County, Oregon
Combining Schedule of Assets, Liabilities and Fund Balance
General Fund - Subfunds
(GAAP Basis)
June 30, 2019

	General Operations	Athletics and Activities	Instructional Materials
Assets			
Cash and investments	\$ 22,286,890	\$ 216,122	\$ 1,151,297
Receivables:			
Property taxes	2,133,313	-	-
Accounts and other receivables	154,230	550	-
Intergovernmental receivables	966,251	-	-
Prepaid items	1,252,370	-	25,000
Inventories	42,440	-	-
Total assets	\$ 26,835,494	\$ 216,672	\$ 1,176,297
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts and interest payable	\$ 2,318,165	\$ -	\$ -
Accrued payroll and related charges	11,472,881	-	-
Rental deposits	38,951	-	-
Total liabilities	13,829,997	-	-
Deferred inflows of resources			
Unavailable revenue - property taxes	1,521,527	-	-
Fund balances			
Nonspendable	1,294,810	-	25,000
Restricted	-	-	-
Assigned	5,709,654	216,672	1,151,297
Unassigned	4,479,502	-	-
Total fund balances	11,483,966	216,672	1,176,297
Total liabilities, deferred inflows and fund balances	\$ 26,835,488	\$ 216,672	\$ 1,176,297

Totals may not precisely add due to rounding

Transportation Equipment	Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2019
\$ 1,623,280	\$ 410,050	\$ 974,321	\$ 1,856,663	\$ 649,160	\$ 1,390,201	\$ 30,557,984
-	-	-	-	-	-	2,133,313
-	1,942	22,792	-	-	-	179,514
-	-	-	-	-	-	966,251
-	-	-	-	-	-	1,277,370
-	80,358	-	-	-	-	122,798
<u>\$ 1,623,280</u>	<u>\$ 492,350</u>	<u>\$ 997,113</u>	<u>\$ 1,856,663</u>	<u>\$ 649,160</u>	<u>\$ 1,390,201</u>	<u>\$ 35,237,230</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,980	\$ 2,321,145
-	-	-	-	-	-	11,472,881
-	-	-	-	-	-	38,951
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,980</u>	<u>13,832,977</u>
-	-	-	-	-	-	1,521,527
-	80,358	-	-	-	-	1,400,168
1,623,280	-	-	-	-	-	1,623,280
-	411,992	997,113	1,856,663	649,160	1,387,221	12,379,772
-	-	-	-	-	-	4,479,502
<u>1,623,280</u>	<u>492,350</u>	<u>997,113</u>	<u>1,856,663</u>	<u>649,160</u>	<u>1,387,221</u>	<u>19,882,718</u>
<u>\$ 1,623,280</u>	<u>\$ 492,350</u>	<u>\$ 997,113</u>	<u>\$ 1,856,663</u>	<u>\$ 649,160</u>	<u>\$ 1,390,201</u>	<u>\$ 35,237,224</u>

Administrative School District No. 1
Deschutes County, Oregon
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund Subfunds
(GAAP Basis)
Year Ended June 30, 2019

	General Operations	Athletics and Activities	Instructional Materials
Revenues			
Property taxes	\$ 80,377,702	\$ -	\$ -
Tuition	19,250	-	-
Investment earnings	736,358	133,209	-
Print shop	-	-	-
Indirect	660,574	-	-
Charges for services	684,920	-	-
Other local sources	277,806	470,226	-
County school funds	390,026	-	-
ESD apportionment	2,405,000	-	-
State school fund	82,976,620	-	-
Common school fund	1,916,974	-	-
Other state sources	542,838	-	-
Federal grant sources	250,868	-	-
Total revenues	171,238,936	603,435	-
Expenditures			
Current:			
Instruction	103,508,753	2,505,025	1,418,681
Support services	62,096,291	501,900	-
Community services	130,043	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	637,665	27,190	-
Total expenditures	166,372,752	3,034,115	1,418,681
Revenues over (under) expenditures	4,866,184	(2,430,680)	(1,418,681)
Other financing sources (uses)			
Proceeds from insurance	-	-	-
Sale of fixed assets	-	-	-
Proceeds from long-term debt	-	-	-
Transfer from special revenue fund	-	-	-
Transfers	(4,448,462)	2,283,749	2,029,213
Total other financing sources (uses)	(4,448,462)	2,283,749	2,029,213
Net change in fund balances	417,722	(146,931)	610,532
Fund balances, beginning of year	11,066,242	363,603	565,765
Fund balances, end of year	\$ 11,483,967	\$ 216,672	\$ 1,176,297

Totals may not precisely add due to rounding

Transportation Equipment	Print Shop Equipment	Facility Usage	Technology Reserve	Maintenance Replacement	Insurance Reserve	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,377,702
-	-	-	-	-	-	19,250
266,654	-	107,349	-	90,838	39,045	1,373,453
-	882,686	-	-	-	-	882,686
-	-	-	-	-	-	660,574
-	-	-	-	-	-	684,920
100,329	-	617,861	386,419	93,137	664,582	2,610,360
-	-	-	-	-	-	390,026
-	-	-	-	-	-	2,405,000
1,823,899	-	-	-	447,062	-	85,247,581
-	-	-	-	-	-	1,916,974
-	-	-	-	-	-	542,838
-	-	-	-	-	-	250,868
<u>2,190,882</u>	<u>882,686</u>	<u>725,210</u>	<u>386,419</u>	<u>631,037</u>	<u>703,627</u>	<u>177,362,232</u>
-	-	57,765	-	-	253,139	107,743,363
496,010	870,748	203,091	20,344	146,657	360,331	64,695,372
-	-	223,219	-	-	-	353,262
667,116	-	-	-	-	-	667,116
37,090	-	-	-	-	-	37,090
<u>1,373,891</u>	<u>7,697</u>	<u>10,928</u>	<u>355,415</u>	<u>99,260</u>	<u>23,281</u>	<u>2,535,327</u>
<u>2,574,107</u>	<u>878,445</u>	<u>495,003</u>	<u>375,759</u>	<u>245,917</u>	<u>636,751</u>	<u>176,031,530</u>
(383,225)	4,241	230,207	10,660	385,120	66,876	1,330,702
-	-	-	-	1,129	88,746	89,875
670	-	-	-	-	-	670
1,390,000	-	-	-	-	-	1,390,000
-	-	-	-	-	-	-
<u>85,500</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,476,170</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>1,129</u>	<u>88,746</u>	<u>1,480,545</u>
1,092,945	4,241	280,207	10,660	386,249	155,622	2,811,247
<u>530,335</u>	<u>488,109</u>	<u>716,906</u>	<u>1,846,003</u>	<u>262,911</u>	<u>1,231,599</u>	<u>17,071,472</u>
<u>\$ 1,623,280</u>	<u>\$ 492,350</u>	<u>\$ 997,113</u>	<u>\$ 1,856,663</u>	<u>\$ 649,160</u>	<u>\$ 1,387,221</u>	<u>\$ 19,882,719</u>

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 79,606,880	\$ 79,606,880	\$ 770,822	\$ 80,377,702	\$ -	\$ 80,377,702
Tuition	-	-	19,250	19,250	-	19,250
Investment earnings	450,000	450,000	286,358	736,358	-	736,358
Other local sources	1,622,500	1,622,500	803	1,623,303	-	1,623,303
Intermediate sources	2,675,000	2,675,000	120,026	2,795,026	-	2,795,026
State sources	85,098,570	85,098,570	337,862	85,436,432	-	85,436,432
Federal sources	28,000	28,000	222,868	250,868	-	250,868
Total revenues	169,480,950	169,480,950	1,757,989	171,238,939	-	171,238,939
Expenditures						
Current						
Instruction	104,457,746	104,457,746	(877,855)	103,579,891	(71,138)	103,508,753
Support services	61,041,003	61,041,003	1,621,815	62,662,818	(566,527)	62,096,291
Community services	254,649	254,649	(124,606)	130,043	-	130,043
Capital outlay	-	-	-	-	637,665	637,665
Contingency	500,000	500,000	(500,000)	-	-	-
Total expenditures	166,253,398	166,253,398	119,354	166,372,752	-	166,372,752
Revenues over (under) expenditures	3,227,552	3,227,552	1,638,635	4,866,187	-	4,866,187
Other financing sources (uses)						
Transfers to general subfunds	4,448,462	4,448,462	-	4,448,462	-	4,448,462
Net change in fund balance	(1,220,910)	(1,220,910)	1,638,635	417,725	-	417,725
Fund balance, beginning of year	9,666,008	9,666,008	1,400,234	11,066,242	-	11,066,242
Fund balance, end of year	\$ 8,445,098	\$ 8,445,098	\$ 3,038,869	\$ 11,483,967	\$ -	\$ 11,483,967

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 133,209	\$ 133,209	\$ -	\$ 133,209
Other local sources	480,000	480,000	(9,774)	470,226	-	470,226
Total revenues	480,000	480,000	123,435	603,435	-	603,435
Expenditures						
Current						
Instruction	2,593,229	2,593,229	61,014	2,532,215	(27,190)	2,505,025
Support services	457,270	457,270	(44,630)	501,900	-	501,900
Capital outlay	-	-	-	-	27,190	27,190
Total expenditures	3,050,499	3,050,499	16,384	3,034,115	-	3,034,115
Revenues over (under) expenditures	(2,570,499)	(2,570,499)	139,819	(2,430,680)	-	(2,430,680)
Other financing sources						
Transfer from general fund operations	2,283,749	2,283,749	-	2,283,749	-	2,283,749
Net change in fund balance	(286,750)	(286,750)	139,819	(146,931)	-	(146,931)
Fund balance, beginning of year	326,750	326,750	36,853	363,603	-	363,603
Fund balance, end of year	\$ 40,000	\$ 40,000	\$ 176,672	\$ 216,672	\$ -	\$ 216,672

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Expenditures						
Current						
Instruction	\$ 2,739,513	\$ 2,739,513	\$ (1,320,832)	\$ 1,418,681	\$ -	\$ 1,418,681
<u>Total expenditures</u>	<u>2,739,513</u>	<u>2,739,513</u>	<u>(542,611)</u>	<u>1,418,681</u>	<u>-</u>	<u>1,418,681</u>
Revenues over (under) expenditures	(2,739,513)	(2,739,513)	1,320,832	(1,418,681)	-	(1,418,681)
Other financing sources						
<u>Transfer from general fund operations</u>	<u>2,029,213</u>	<u>2,029,213</u>	<u>-</u>	<u>2,029,213</u>	<u>-</u>	<u>2,029,213</u>
Net change in fund balance	(710,300)	(710,300)	1,320,832	610,532	-	610,532
Fund balance, beginning of year	710,300	710,300	(144,535)	565,765	-	565,765
<u>Fund balance, end of year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,176,297</u>	<u>\$ 1,176,297</u>	<u>\$ -</u>	<u>\$ 1,176,297</u>

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 266,654	\$ 266,654	\$ -	\$ 266,654
Other local sources	30,000	30,000	-	100,329	-	100,329
State sources	632,705	632,705	1,191,194	1,823,899	-	1,823,899
Total revenues	662,705	662,705	1,457,848	2,190,882	-	2,190,882
Expenditures						
Current						
Support services	2,251,599	2,251,599	(381,698)	1,869,901	(1,373,891)	496,010
Debt service	704,206	704,206	-	704,206	(704,206)	-
Principal	-	-	-	-	667,116	667,116
Interest	-	-	-	-	37,090	37,090
Capital outlay	-	-	-	-	1,373,891	1,373,891
Total expenditures	2,955,805	2,955,805	(381,698)	2,574,107	-	2,574,107
Revenues over (under) expenditures	(2,293,100)	(2,293,100)	1,909,875	(383,225)	-	(383,225)
Other financing sources (uses)						
Proceeds from long-term debt	2,000,000	2,000,000	(610,000)	1,390,000	-	1,390,000
Sale of fixed assets	-	-	670	670	-	670
Transfer from general fund operations	85,500	85,500	-	85,500	-	85,500
Total other financing sources	2,085,500	2,085,500	(610,000)	1,476,170	-	1,476,170
Net change in fund balance	(207,600)	(207,600)	1,300,545	1,092,945	-	1,092,945
Fund balance, beginning of year	237,600	237,600	292,735	530,335	-	530,335
Fund balance, end of year	\$ 30,000	\$ 30,000	\$ 1,593,280	\$ 1,623,280	\$ -	\$ 1,623,280

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Other local sources	\$ 1,000,000	\$ 1,000,000	\$ (117,314)	\$ 882,686	\$ -	\$ 882,686
Expenditures						
Current						
Support services	1,146,806	1,146,806	(268,361)	878,445	(7,697)	870,748
Capital outlay	-	-	-	-	7,697	7,697
Total expenditures	1,146,806	1,146,806	(268,361)	878,445	-	878,445
Revenues over (under) expenditures	(146,806)	(146,806)	117,803	4,241	-	4,241
Net change in fund balances	(146,806)	(146,806)	151,047	4,241	-	4,241
Fund balance, beginning of year	435,706	435,706	52,403	488,109	-	488,109
Fund balance, end of year	\$ 288,900	\$ 288,900	\$ 203,450	\$ 492,350	\$ -	\$ 492,350

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 107,349	\$ 107,349	\$ -	\$ 107,349
Other local sources	405,000	405,000	212,861	617,861	-	617,861
Total revenues	405,000	405,000	(46,899)	725,210	-	725,210
Expenditures						
Current						
Instruction	210,000	210,000	(152,235)	57,765	-	57,765
Support services	391,000	391,000	(176,981)	214,019	(10,928)	203,091
Community services	315,485	315,485	(92,266)	223,219	-	223,219
Capital outlay	-	-	-	-	10,928	10,928
Total expenditures	916,485	916,485	(210,310)	495,003	-	495,003
Revenues over (under) expenditures	(511,485)	(511,485)	741,692	230,207	-	230,207
Other financing sources (uses)						
Proceeds from insurance	-	-	-	-	-	-
Transfer from general fund operations	50,000	50,000	-	50,000	-	50,000
Net change in fund balance	(461,485)	(461,485)	741,692	280,207	-	280,207
Fund balance, beginning of year	682,520	682,520	34,386	716,906	-	716,906
Fund balance, end of year	\$ 221,035	\$ 221,035	\$ 776,078	\$ 997,113	\$ -	\$ 997,113

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Other local sources	\$ 400,000	\$ 400,000	\$ (13,581)	\$ 386,419	\$ -	\$ 386,419
Total revenues	400,000	400,000	(46,899)	386,419	-	386,419
Expenditures						
Current						
Instruction	-	-	-	-	-	-
Support services	1,400,000	1,400,000	(1,024,241)	375,759	(355,415)	20,344
Capital outlay	-	-	-	-	355,415	355,415
Total expenditures	1,400,000	1,400,000	(210,310)	375,759	-	375,759
Revenues over (under) expenditures	(1,000,000)	(1,000,000)	1,010,660	10,660	-	10,660
Net change in fund balance	(1,000,000)	(1,000,000)	1,010,660	10,660	-	10,660
Fund balance, beginning of year	1,056,227	1,056,227	789,776	1,846,003	-	1,846,003
Fund balance, end of year	\$ 56,227	\$ 56,227	\$ 1,800,436	\$ 1,856,663	\$ -	\$ 1,856,663

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ -	\$ -	\$ 90,838	\$ 90,838	\$ -	\$ 90,838
Other local sources	20,000	20,000	73,137	93,137	-	93,137
State sources	-	-	447,062	447,062	-	447,062
Total revenues	20,000	20,000	611,037	631,037	-	631,037
Expenditures						
Current						
Support services	520,000	520,000	(274,083)	245,917	(99,260)	146,657
Capital outlay	-	-	-	-	99,260	99,260
Total expenditures	520,000	520,000	(274,083)	245,917	-	245,917
Revenues over (under) expenditures	(500,000)	(500,000)	885,120	385,120	-	385,120
Other financing sources (uses)						
Proceeds from insurance	-	-	1,129	1,129	-	1,129
Transfer from special revenue fund	500,000	500,000	(500,000)	-	-	-
Net change in fund balance	-	-	386,249	386,249	-	386,249
Fund balance, beginning of year	100,000	100,000	162,911	262,911	-	262,911
Fund balance, end of year	\$ 100,000	\$ 100,000	\$ 549,160	\$ 649,160	\$ -	\$ 649,160

Totals may not precisely add due to rounding

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 Subfund
Year Ended June 30, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 5,000	\$ 5,000	\$ 34,045	\$ 39,045	\$ -	\$ 39,045
Other local sources	790,580	790,580	(125,998)	664,582	-	664,582
Total revenues	795,580	795,580	(91,953)	703,627	-	703,627
Expenditures						
Current						
Instruction	230,000	230,000	23,139	253,139	-	253,139
Support services	765,580	765,580	(381,968)	383,612	(23,281)	360,331
Capital outlay	-	-	-	-	23,281	23,281
Total expenditures	995,580	995,580	(358,829)	636,751	-	636,751
Revenues over (under) expenditures	(200,000)	(200,000)	266,876	66,876	-	66,876
Other financing sources (uses)						
Proceeds from insurance	-	-	88,746	88,746	-	88,746
Net change in fund balance	(200,000)	(200,000)	355,622	155,622	-	155,622
Fund balance, beginning of year	500,000	500,000	731,599	1,231,599	-	1,231,599
Fund balance, end of year	\$ 300,000	\$ 300,000	\$ 1,087,221	\$ 1,387,221	\$ -	\$ 1,387,221

Totals may not precisely add due to rounding

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, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Property taxes	\$ 31,932,600	\$ 31,932,600	\$ 613,606	\$ 32,546,206	\$ -	\$ 32,546,206
Investment earnings	116,000	116,000	325,570	441,570	-	441,570
Other local sources	703,800	703,800	(703,800)	-	-	-
State sources	6,981,500	6,981,500	1,220,762	8,202,262	-	8,202,262
Total revenues	39,733,900	39,733,900	1,456,138	41,190,038	-	41,190,038
Expenditures						
Current:						
Support services	3,000	3,000	(2,350)	650	-	650
Debt service	39,992,400	39,992,400 (1)	(3,144)	39,989,256	(39,989,256)	-
Principal	-	-	-	-	21,468,127	21,468,127
Interest	-	-	-	-	18,521,129	18,521,129
Total expenditures	39,995,400	39,995,400	(5,494)	39,989,906	-	39,989,906
Revenues over (under) expenditures	(261,500)	(261,500)	1,461,632	1,200,132	-	1,200,132
Net change in fund balance	(261,500)	(261,500)	1,461,632	1,200,132	-	1,200,132
Fund balance, beginning of year	1,510,700	1,510,700	874,609	2,385,309	-	2,385,309
Fund balance, end of year	\$ 1,249,200	\$ 1,249,200	\$ 2,336,241	\$ 3,585,441	\$ -	\$ 3,585,441

Totals may not precisely add due to rounding

(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, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 1,053,507	\$ 1,053,507	\$ 2,598,901	\$ 3,652,408	\$ -	\$ 3,652,408
Other local sources	-	-	75,473	75,473	-	75,473
Total revenues	1,053,507	1,053,507	2,674,374	3,727,881	-	3,727,881
Expenditures						
Current						
Facilities acquisition and construction	107,507,064	107,507,064 ⁽¹⁾	(48,454,104)	59,052,960	(57,484,271)	1,568,689
Capital outlay	-	-	-	-	57,484,271	57,484,271
Total expenditures	107,507,064	107,507,064	(48,454,104)	59,052,960	-	59,052,960
Revenues over (under) expenditures	(106,453,557)	(106,453,557)	51,128,478	(55,325,079)	-	(55,325,079)
Other financing sources						
Proceeds from insurance	1,629,848	1,629,848	1,882,400	3,512,248	-	3,512,248
Total other financing sources	1,629,848	1,629,848	1,882,400	3,512,248	-	3,512,248
Net change in fund balance	(104,823,709)	(104,823,709)	53,010,878	(51,812,831)	-	(51,812,831)
Fund balance, beginning of year	179,868,072	179,868,072	(4,769,830)	175,098,242	-	175,098,242
Fund balance, end of year	\$ 75,044,363	\$ 75,044,363	\$ 48,241,048	\$ 123,285,411	\$ -	\$ 123,285,411

Totals may not precisely add due to rounding

(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, 2019

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actuals		
	Adopted	Final		Budget Basis	Adjustments	GAAP Basis
Revenues						
Investment earnings	\$ 20,000	\$ 20,000	\$ (17,162)	\$ 2,838	\$ -	\$ 2,838
Donations	-	-	9,991	9,991	-	9,991
Total revenues	20,000	20,000	(7,171)	12,829	-	12,829
Expenditures						
Current						
Community services	25,000	25,000	10,000	15,000	-	15,000
Total expenditures	25,000	25,000	10,000	15,000	-	15,000
Revenues over (under) expenditures	(5,000)	(5,000)	2,829	(2,171)	-	(2,171)
Net change in fund balances	(5,000)	(5,000)	2,829	(2,171)	-	(2,171)
Fund balance, beginning of year	104,000	104,000	1,224	105,224	-	105,224
Fund balance, end of year	\$ 99,000	\$ 99,000	\$ 4,053	\$ 103,053	\$ -	\$ 103,053

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.

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

STATISTICAL SECTION



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 financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

Financial Trends 97-103

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

Revenue Capacity 104-109

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

Debt Capacity 110-113

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 Information 114-115

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

Operating Information 116-123

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.

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

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

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities Net Position
	Net Investment in Capital Assets	Restricted	Unrestricted	
2019	\$ 155,762,000	\$ 17,840,000	\$ (131,977,000)	\$ 41,625,000
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

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

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

2014, as restated	2015, as restated	2016	2017, as restated	2018	2019
\$ 72,461	\$ 74,280	\$ 81,791	\$ 81,756	\$ 99,305	\$ 104,943
25,089	23,932	23,739	25,782	31,563	31,741
10,541	10,070	10,740	11,461	14,906	15,651
5,800	6,066	6,012	6,244	7,600	7,786
661	740	737	746	859	915
9,765	9,478	10,640	10,450	12,930	13,366
22,667	3,232	75,610	50,235	29,153	31,022
4,941	3,968	6,261	7,015	6,460	6,635
2,493	676	507	394	276	189
5,764	5,804	6,344	6,217	7,536	7,497
1,525	1,606	1,713	1,767	2,041	2,115
-	-	-	-	-	-
-	-	-	-	-	-
14,275	12,965	12,304	12,416	15,757	15,787
<u>175,982</u>	<u>152,817</u>	<u>236,398</u>	<u>214,484</u>	<u>228,386</u>	<u>237,647</u>
3,588	3,634	3,985	834	809	784
-	-	-	-	-	-
977	932	965	927	921	925
-	-	-	-	-	-
1,401	1,443	1,633	1,869	2,063	2,321
353	350	340	315	343	618
17,538	19,425	18,203	18,776	20,958	22,117
670	636	662	713	873	746
<u>24,527</u>	<u>26,420</u>	<u>25,788</u>	<u>23,433</u>	<u>25,967</u>	<u>27,511</u>
<u>(151,455)</u>	<u>(126,397)</u>	<u>(210,610)</u>	<u>(191,051)</u>	<u>(202,420)</u>	<u>(210,136)</u>
59,048	63,524	67,577	71,211	75,808	80,353
18,791	20,383	21,312	22,118	30,655	32,546
284	190	242	-	1,292	215
69,610	75,139	82,316	84,340	92,740	94,700
1,828	2,003	2,198	2,497	2,718	2,795
1,138	470	390	610	1,850	5,557
2,373	2,349	2,639	4,618	3,374	1,721
-	-	-	-	19	1
-	-	-	-	5,441	3,602
<u>153,072</u>	<u>164,058</u>	<u>176,674</u>	<u>185,394</u>	<u>213,895</u>	<u>221,490</u>
<u>\$ 1,617</u>	<u>\$ 37,661</u>	<u>\$ (33,936)</u>	<u>\$ (5,657)</u>	<u>\$ 11,475</u>	<u>\$ 11,353</u>

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

	2010	2011	2012	2013
General fund				
Nonspendable	\$ 225,000	\$ 198,000	\$ 202,000	\$ 167,000
Restricted	420,000	343,000	206,000	312,000
Assigned	7,847,000	8,676,000	8,466,000	4,954,000
Unassigned	4,499,000	4,863,000	5,091,000	5,949,000
<u>Total general fund</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	\$ 378,000	\$ 432,000	\$ 416,000	\$ 406,000
Restricted, reported in				
Special revenue fund	1,408,000	1,523,000	2,250,000	2,356,000
Debt service fund	1,575,000	2,476,000	1,756,000	3,701,000
Capital project fund	17,218,000	3,594,000	1,188,000	955,000
Assigned, reported in				
Special revenue fund	2,406,000	2,645,000	2,601,000	1,698,000
<u>Total all other governmental funds</u>	<u>\$ 22,985,000</u>	<u>\$ 10,670,000</u>	<u>\$ 8,211,000</u>	<u>\$ 9,116,000</u>

2014	2015	2016	2017	2018	2019
\$ 857,000	\$ 1,397,000	\$ 1,010,000	\$ 1,740,000	\$ 1,040,000	\$ 1,400,000
311,000	815,000	905,000	117,000	530,000	1,623,000
3,629,000	5,664,000	6,160,000	6,003,000	9,625,000	12,380,000
5,332,000	3,926,000	5,454,000	3,758,000	5,877,000	4,480,000
<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>	<u>\$ 19,883,000</u>
\$ 366,000	\$ 331,000	\$ 376,000	\$ 415,000	\$ 475,000	\$ 373,000
2,657,000	3,076,000	3,360,000	4,221,000	4,513,000	4,980,000
2,784,000	2,272,000	2,511,000	1,937,000	2,385,000	3,585,000
84,114,000	34,888,000	18,895,000	8,764,000	175,098,000	123,285,000
1,888,000	2,212,000	2,710,000	2,890,000	3,175,000	3,087,000
<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>	<u>\$ 135,310,000</u>

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

	2010	2011	2012
Revenues			
Property taxes	\$ 77,167	\$ 78,352	\$ 76,013
Tuition	472	542	636
Investment earnings	631	315	274
Other local sources	11,363	10,682	11,538
Intermediate sources	1,932	1,699	1,597
State sources	52,536	54,051	61,067
Federal sources	17,231	18,783	13,677
Total revenues	161,331	164,424	164,802
Expenditures			
Current			
Instruction	76,830	78,506	79,519
Support services	48,899	49,029	51,236
Community services	5,381	5,952	6,581
Facilities acquisition and construction	-	-	-
Debt service:			
Principal	13,864	15,778	18,004
Interest	12,225	11,787	11,023
Capital outlay	30,004	14,767	3,855
Total expenditures	187,204	175,819	170,218
Revenues over (under) expenditures	(25,873)	(11,395)	(5,416)
Other financing sources (uses)			
Refunding bonds issued	-	7,585	2,840
Payment to refunded bond escrow agent	-	(7,868)	-
Premium on bonds issued	-	452	-
General obligation bonds issued	-	-	-
PERS UAL limited tax pension bonds issued	-	-	-
Discount on limited tax pension bonds issued	-	-	-
Transfers	-	-	-
Insurance proceeds	-	-	-
Sale of capital assets	-	-	-
Lease purchase / long term loan proceeds	-	-	-
Total other financing sources (uses)	-	169	2,840
Net change in fund balances	\$ (25,873)	\$ (11,226)	\$ (2,576)
Ratio of total debt service to noncapital expenditures	17%	17%	17%

Note: The figures in this chart include all funds presented on page 24 of the basic financial statements.

2013	2014	2015	2016	2017	2018	2019
\$ 75,662	\$ 78,346	\$ 84,294	\$ 88,977	\$ 93,175	\$ 106,499	\$ 112,924
731	842	931	8	3	6	19
208	421	376	390	610	1,850	5,557
11,321	12,269	12,263	13,021	15,446	13,753	12,574
1,525	1,929	2,303	2,642	2,866	3,395	3,590
60,668	71,169	77,342	85,964	86,094	97,036	101,165
14,749	13,706	14,579	12,613	11,419	12,519	10,869
<u>164,864</u>	<u>178,682</u>	<u>192,088</u>	<u>203,615</u>	<u>209,612</u>	<u>235,058</u>	<u>246,698</u>
82,921	90,667	97,324	101,799	103,774	112,662	117,178
51,678	54,895	55,626	59,016	63,011	65,657	69,673
6,987	7,472	7,969	8,545	8,492	9,278	9,251
-	-	-	-	727	2,416	1,569
13,588	13,143	14,339	15,617	17,465	21,030	22,135
24,360	13,269	13,644	13,315	12,979	17,668	18,558
4,611	14,352	50,817	22,696	14,699	26,746	60,853
<u>184,145</u>	<u>193,798</u>	<u>239,719</u>	<u>220,988</u>	<u>221,146</u>	<u>255,458</u>	<u>299,217</u>
(19,281)	(15,116)	(47,631)	(17,373)	(11,534)	(20,400)	(52,519)
-	91,825	-	-	-	-	-
-	-	-	-	-	-	-
14,404	4,732	-	-	-	12,809	-
-	-	-	4,175	-	175,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	272	-	-	5,441	3,602
3,200	-	-	-	-	21	1
<u>17,604</u>	<u>96,557</u>	<u>272</u>	<u>4,175</u>	<u>-</u>	<u>193,271</u>	<u>4,993</u>
<u>\$ (1,677)</u>	<u>\$ 81,441</u>	<u>\$ (47,359)</u>	<u>\$ (13,198)</u>	<u>\$ (11,534)</u>	<u>\$ 172,871</u>	<u>\$ (47,526)</u>
21%	15%	15%	15%	15%	17%	17%

Administrative School 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)

Fiscal Year Ended June 30	Real Property		Personal Property		Manufactured Homes	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2019	\$ 23,380,813	\$ 39,872,595	\$ 508,792	\$ 508,792	\$ 78,182	\$ 112,683
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		Range of Total Direct Tax Rates Paid	Assessed Value as a Percentage of Estimated
Assessed Value	Estimated Actual Value	Assessed Value	Taxable Assessed Value	Estimated Actual Value		
\$ 668,084	\$ 736,374	\$ 51,211	\$ 24,584,663	\$ 41,179,234	2.6825-5.9925	59.826%
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 School District No. 1
Deschutes County, Oregon
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Fiscal Years Ended June 30th

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

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>	<u>2019</u>
\$ 6.20	\$ 6.26	\$ 6.23	\$ 6.22	\$ 6.67	\$ 6.67
0.10	0.10	0.10	0.10	0.10	0.10
0.75	0.75	0.74	0.74	0.74	0.73
4.74	4.70	4.76	4.75	4.80	4.19
3.03	3.22	3.20	3.19	3.18	3.17
1.67	1.66	1.63	1.63	1.62	1.62
1.93	1.98	1.98	1.98	1.98	1.98
0.30	0.30	0.30	0.30	0.30	0.30
3.31	3.31	3.31	3.31	3.31	3.31
2.37	2.41	2.47	2.41	2.41	2.41
0.05	0.05	0.04	-	-	-
<u>\$ 24.45</u>	<u>\$ 24.74</u>	<u>\$ 24.76</u>	<u>\$ 24.63</u>	<u>\$ 25.11</u>	<u>\$ 24.48</u>

Bend-La Pine Schools

2018-2019						2009-2010		
Taxpayer	Type of Business	Tax	Assessed Value	Percent of Value	Rank	Tax	Assessed Value	Percent of Value
TDS Baja Bendbroadband LLC	Telecommunications	\$ 1,309,429	\$ 87,370,000	0.50%		\$ -	\$ -	
Pacificorp (P P&I)	Electrical utility	909,229	62,355,000	0.36%	4	520,481	36,518,000	0.30%
Cascade Natural Gas Corp	Natural gas utility	733,258	49,966,000	0.29%	1	648,217	45,050,000	0.37%
Touchmark at Mount Bachelor Village, LLC	Retirement community	732,076	47,174,240	0.27%	6	505,719	33,149,290	0.27%
Gas Transmission NW Corp.	Natural gas utility	653,086	54,480,100	0.31%	2	640,446	53,712,600	0.44%
CVSC LLC	Retail stores	647,105	41,801,350	0.24%	7	498,534	32,739,350	0.27%
Suterra LLC	Pest control products	568,748	42,236,510	0.24%				-
Deschutes Brewery Inc.	Brewery and restaurant	515,957	34,004,020	0.19%	10	429,424	27,909,570	0.23%
Sunriver Resort Limited	Vacation resort	508,606	37,203,550	0.21%	5	518,786	37,749,610	0.31%
Century Link	Telecommunications	458,329	31,236,200	0.18%	9	431,308	35,413,740	0.29%
Quest Corporation	Telecommunications	-	-	-	3	626,979	43,977,490	0.36%
TD Cascade Highlands LLC	Destination resort	-	-	-	8	460,979	33,697,480	0.27%
Mt Bachelor Inc	Destination resort	-	-	-	9	431,308	35,413,740	0.29%
Subtotal top ten of District's major taxpayers			487,826,970	2.79%		5,280,872	379,917,130	3.10%
All other District's taxpayers			17,023,614,914	97.21%			11,881,068,013	96.90%
Total District			\$ 17,511,441,884	100.00%			\$ 12,260,985,143	100.00%

Deschutes County

2018-2019						2009-2010		
Taxpayer	Type of Business	Tax	Assessed Value	Percent of Value	Rank	Tax	Assessed Value	Percent of Value
TDS Baja Bendbroadband LLC	Telecommunications	\$ 1,556,773	\$ 102,790,900	0.42%		\$ -	\$ -	
Pacificorp (P P&I)	Electrical utility	1,366,726	91,446,000	0.37%	1	1,056,087	71,084,000	0.40%
Century Link	Telecommunications	1,113,689	76,373,000	0.31%				
Cascade Natural Gas Corp.	Natural gas utility	1,035,238	68,665,000	0.28%	4	751,696	49,835,000	0.28%
Gas Transmission NW Corp.	Natural gas utility	845,195	68,782,400	0.28%	2	865,522	69,078,500	0.39%
Touchmark at Mount Bachelor Village, LLC	Retirement community	754,099	48,589,780	0.20%				
Suterra LLC	Pest control products	680,555	50,473,200	0.21%				
CVSC LLC	Retail stores	667,098	43,086,100	0.18%	8	536,324	34,815,505	0.20%
Deschutes Brewery Inc.	Brewery and restaurant	625,223	38,275,420	0.16%				-
Wal-Mart Stores Inc	Retail stores	535,747	31,817,040	0.13%				-
Pronghorn Investors, LLC	Real estate development	-	-	-	7	548,173	35,374,452	0.20%
Eagle Crest, Inc.	Destination resort	-	-	-	5	612,302	38,846,710	0.22%
Sunriver Resort Limited	Vacation resort	-	-	-	6	552,490	39,758,116	0.23%
Quest Corporation	Telecommunications	-	-	-	3	771,504	52,701,200	0.30%
TD Cascade Highlands LLC	Destination resort	-	-	-	9	535,355	38,979,008	0.22%
Bend Cable Communications	Cable company	-	-	-	10	525,444	34,672,900	0.20%
Subtotal-top ten County major taxpayers			620,298,840	2.52%		6,754,897	465,145,391	2.64%
All other County's taxpayers			23,964,364,644	97.48%			17,608,137,584	99.97%
Total Deschutes County			\$ 24,584,663,484	100.00%			\$ 17,612,789,038	100.00%

Administrative School District No. 1
Deschutes County, Oregon
Property Tax Levies and Collections 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
2019	\$ 115,946,713	\$ 111,169,277	95.9%		\$ 111,169,277	95.9%
2018	109,136,848	104,709,632	95.9%	\$ 718,005	105,427,638	96.6%
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%

Source:

Levy information was obtained from Deschutes County

Administrative School District No. 1
Deschutes County, Oregon
Computation of Direct and Overlapping Debt
June 30, 2019

Jurisdiction	Gross Bonded Debt Outstanding	Percentage Applicable to ASD No. 1	Amount Applicable to ASD No. 1
Alfalfa RFPD	\$ 335,000	3.89%	\$ 13,044
Bend Metro Park & Rec District	26,573,828	99.96%	26,562,959
Central Oregon Community College	58,863,195	61.69%	36,312,293
City of Bend	71,130,869	100.00%	71,130,869
City of La Pine	375,000	100.00%	375,000
Deschutes County	50,206,015	72.72%	36,510,366
Deschutes Cty RFPD 2 (Bend)	8,870	74.98%	6,651,054
High Desert ESD	10,312,710	66.66%	6,874,102
La Pine Parks & Recreation District	370,000	100.00%	370,000
Subtotal, overlapping debt			184,799,687
Administrative School District No. 1 direct debt			397,020,782
Total direct and overlapping debt			\$ 581,820,469

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

Fiscal Year	Governmental Activities					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Full Faith & Credit Obligations	Loans	Premium on Bonds	Total		
2019	\$ 313,540,000	\$ 60,715,358	\$ 1,007,598	\$ 21,757,826	\$ 397,020,782	N/A	\$ 2,101
2018	332,610,000	64,873,184	1,674,714	24,019,209	423,177,108	4.00%	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

Sources:

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

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

			Computation of Debt Margin					Ratio of Legal Debt Margin to the Debt Limit
Debt Limit =			Less Assets		Total Amount			
Real Market Value			Total General	Available in Debt	of Debt Subject	Legal Debt		
	Real Market Value	X .0795	Obligation Bonds	Service Fund	to Debt Limit	Margin		
2019	\$ 30,243,766	\$ 2,404,379	\$ 313,540	\$ (3,585)	\$ 309,955	\$ 2,094,425	87%	
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%	

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 School 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
2019	\$ 313,540,000	\$ 3,585,442	\$ 309,954,558	0.75%	\$ 1,640
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

Sources:

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

Administrative School 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	ADMw
2019	188,980	4.2%	N/A	N/A	96,706	18,256	12,510	20,550
2018	182,930	4.0%	\$ 55,143	\$ 10,587,224,000	95,138	18,155	12,580	20,853
2017	176,635	3.7%	50,955	9,522,219,000	93,336	17,851	12,015	20,687
2016	170,740	5.1%	49,881	9,012,257,000	88,985	17,425	13,476	20,230
2015	166,400	6.2%	46,005	7,788,057,000	81,325	16,467	9,201	19,192
2014	162,525	8.1%	41,996	7,100,843,000	77,925	16,051	10,883	18,789
2013	160,140	10.8%	40,223	6,636,813,000	80,505	15,763	10,973	18,467
2012	158,875	11.8%	38,469	6,313,477,000	80,234	15,463	10,157	18,160
2011	157,905	13.5%	36,125	5,946,000,000	80,246	15,380	10,037	18,115
2010	157,211	14.8%	34,304	5,666,000,000	80,258	15,091	10,108	17,783

Sources:

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

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employees	Employees	Rank	Percentage of Total County Employees
St Charles Medical Center	4,447	1	5.18%	-	-	-
Administrative School District No. 1	2,200	2	2.56%	1,741	2	2.84%
Bright Wood Corp	1,138	3	1.33%	-	-	-
Deschutes County	1,118	4	1.30%	1,010	3	1.65%
Les Schwab	1,080	5	1.26%	968	4	1.58%
Sunriver Resort	1,000	6	1.16%	875	5	1.43%
Redmond School District	998	7	1.16%	730	7	1.19%
Mt Bachelor	975	8	1.14%	730	8	1.19%
COCC	954	9	1.11%	-	-	-
Safeway	853	10	0.99%	-	-	-
Cascade Health Corporation	-		-	2,818	1	4.60%
T-Mobile	-		-	850	6	1.39%
Wal Mart	-		-	642	9	1.05%
Bend Memorial Clinic	-		-	500	10	0.82%
Total	14,763		17.19%	10,864		17.74%

Sources:

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

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

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

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>	<u>2019</u>
662	685	736	754	767	786
286	288	290	301	313	297
120	124	128	134	148	146
48	51	53	55	57	57
2	2	2	2	2	2
111	115	127	119	124	134
211	210	218	230	229	231
31	33	38	40	41	42
64	69	70	71	72	72
14	14	14	12	14	14
<u>4</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>10</u>	<u>10</u>
<u>1,553</u>	<u>1,597</u>	<u>1,681</u>	<u>1,723</u>	<u>1,777</u>	<u>1,791</u>

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

	2010	2011	2012	2013
Function:				
Instruction				
Enrollment	15,834	16,161	16,300	16,600
Transportation				
Number of buses	118	121	133	133
Miles driven per year	1,705,606	1,716,585	1,535,703	1,636,654
Cost per mile	\$ 3.92	\$ 3.95	\$ 4.40	\$ 4.06
Students transported to school daily	6,648	6,824	5,221	5,232
Food services				
Free lunch participants	5,876	6,184	6,504	6,427
Reduced lunch participants	1,162	990	1,117	1,021
Percent free/reduced of total enrollment	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 - 2018 Four schools were a Community Eligibility Provision school - no counts taken

2014	2015	2016	2017	2018	2019
16,863	17,163	17,534	18,034	18,375	18,428
133	130	139	134	124	126
1,679,498	1,580,045	1,951,595	1,733,345	1,684,249	1,636,116
\$ 4.31	\$ 4.54	\$ 3.64	\$ 4.31	\$ 5.37	\$ 5.53
5,361	4,705	4,595	4,945	5,216	5,395
6,404	4,701	4,371	4,034	3,949	4,159
992	953	1,007	1,002	1,081	1,218
44%	33%	31%	28%	27%	29%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function:										
Instruction										
Number of elementary schools	16	17	17	17	17	17	18	18	18	18
Number of middle schools	5	5	5	5	5	5	7	7	7	7
Number of high schools	5	5	5	5	5	5	5	5	5	7
Elementary school enrollment	6,967	7,214	7,301	7,522	7,719	7,827	8,046	8,260	8,370	8,244
Middle school enrollment	3,640	3,679	3,669	3,713	3,785	3,862	3,962	4,125	4,268	4,403
High school enrollment	5,227	5,268	5,330	5,365	5,359	5,474	5,526	5,649	5,737	5,781
General administration										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Business, transportation and maintenance										
Number of buildings	4	4	4	4	4	4	4	4	4	4

Source:

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

Administrative School District No. 1
Deschutes County, Oregon
School Building Capacity and Enrollment
June 30, 2019

Building	Enrollment	Capacity Without Modular Classrooms	Percent of Capacity	Year of Building Construction
Elementary Schools				
Amity Creek	167	150	111%	1948
Bear Creek	579	600	97%	1963
Buckingham	572	600	95%	1980
Ensworth	208	300	69%	2005
Elk Meadow	567	600	95%	1993
Highland	393	375	105%	1918
High Lakes	593	600	99%	2000
RE Jewell	544	600	91%	1974
Juniper	489	560	87%	1965
La Pine	381	600	64%	1993
Lava Ridge	578	600	96%	1994
Pine Ridge	495	600	83%	2004
Ponderosa	576	600	96%	2008
Rosland	203	300	68%	2010
Silver Rail	493	600	82%	2015
Westside Village (K-8)	263	382	69%	1949
William E Miller	614	600	102%	2009
Three Rivers (K-8)	440	450	98%	1989
Total elementary schools	8,155	9,117	89%	
Middle Schools				
Cascade	753	800	94%	1978
High Desert	839	800	105%	1993
Pilot Butte	685	825	83%	1967
Pacific Crest	713	800	89%	2015
La Pine	327	550	59%	1978
REALMS	151	150	101%	1991
Skyview	681	800	85%	2000
Total middle schools	4,149	4,725	88%	
High Schools				
Bend	1,752	1,550	113%	1956
La Pine	438	550	80%	1961
Marshall	141	200	71%	1948
Mountain View	1,395	1,500	93%	1978
REALMS	84	100	84%	1993
Skyline	79	100	79%	1993
Summit	1,548	1,500	103%	2000
Total high schools	5,437	5,500	99%	

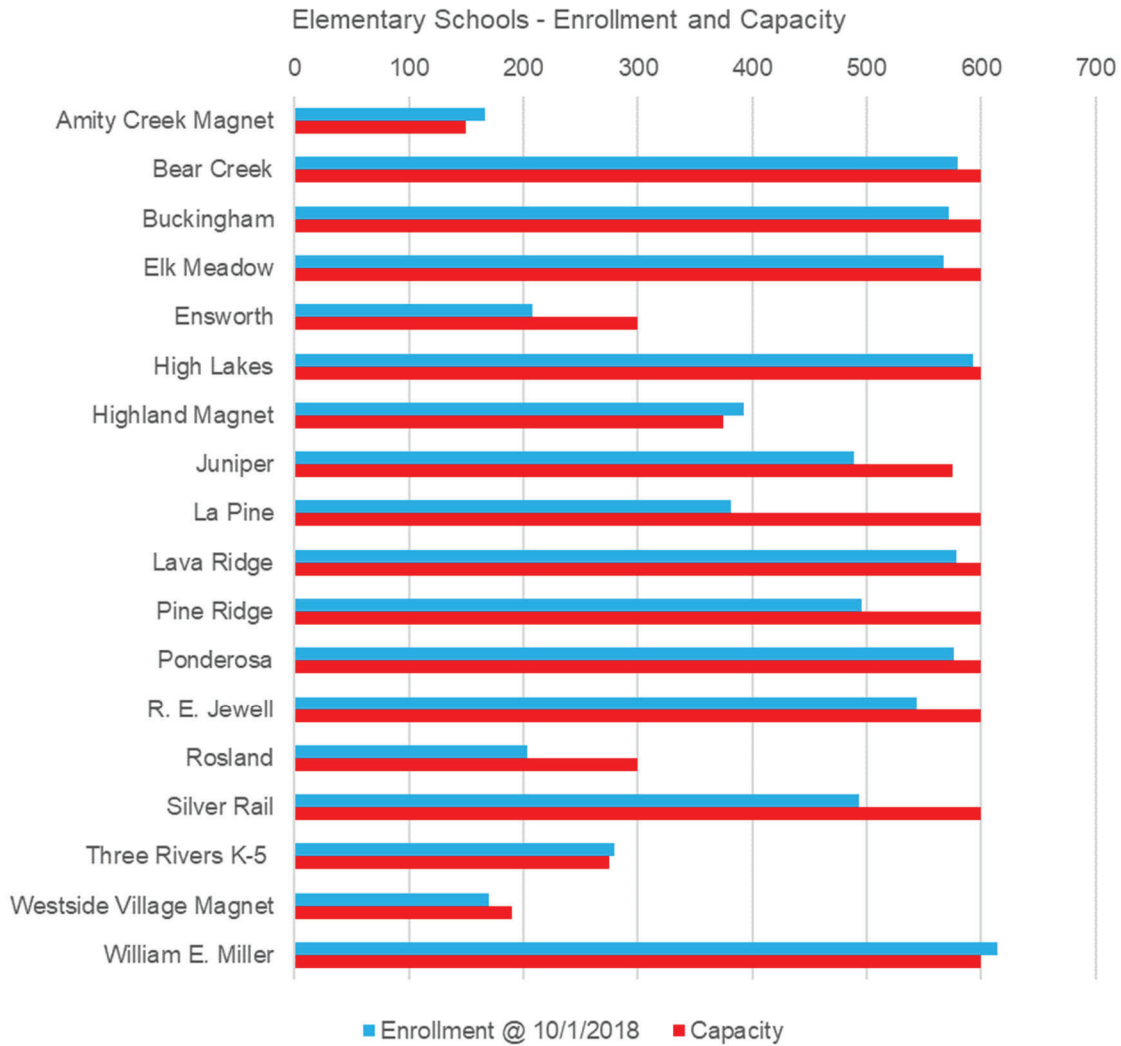
Note:

Enrollment is as of October 1, 2018

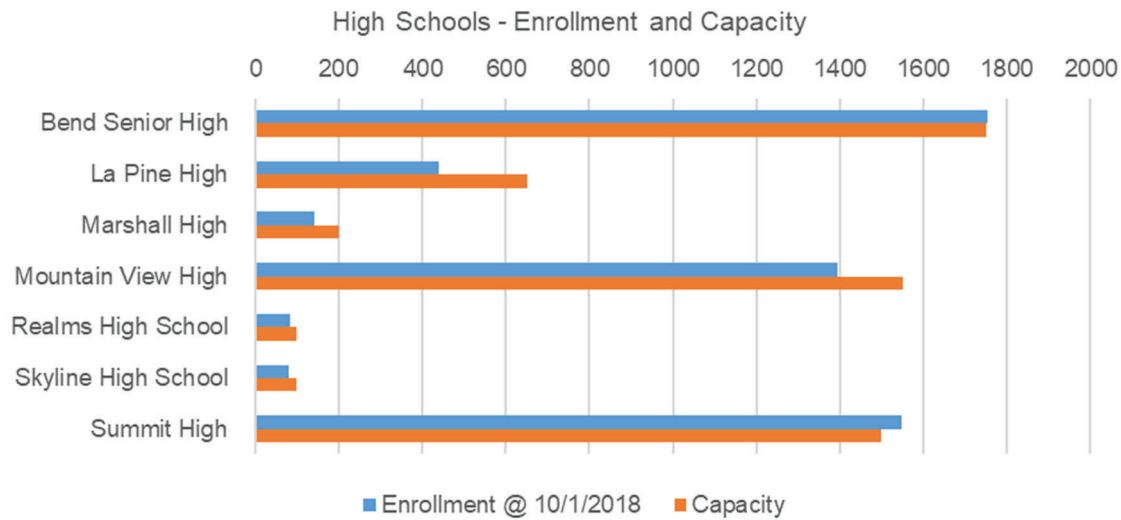
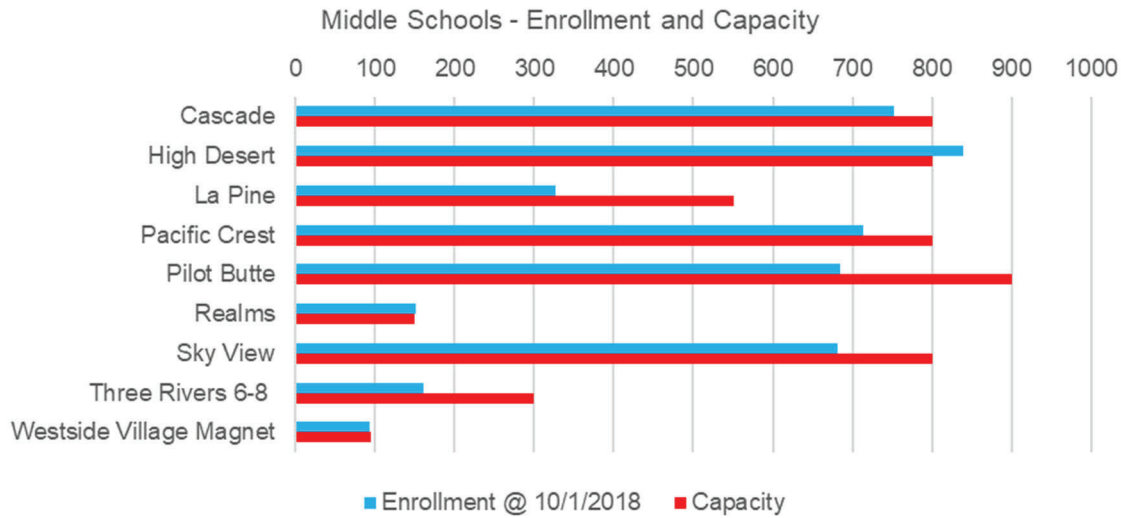
Many buildings have undergone remodels since original construction

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

Administrative School District No. 1
 Deschutes County, Oregon
 Elementary School Enrollment and Capacity
 October 1, 2018



Administrative School District No. 1
 Deschutes County, Oregon
 Middle and High School Enrollment and Capacity
 October 1, 2018



E s t . 1 8 8 3

B E N D  L A P I N E

S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

OTHER INFORMATION



"The art of teaching is the art of assisting discovery."

Mark Van Doren

Schedules Required by Oregon Department of Education

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Revenues (Budgetary Basis) by ODE Object
Year Ended June 30, 2019

	100 - General Funds
Revenue from Local Sources	
1110 - Ad Valorem Taxes Levied by District	\$ 80,377,702
1311 - Tuition From Individuals	-
1330 - Summer School Tuition	19,250
1500 - Earnings on Investments	1,373,453
1600 - Food Service	-
1700 - Extracurricular Activities	470,226
1910 - Rentals	432,012
1920 - Contributions and Donations From Private Sources	1
1960 - Recovery of Prior Years' Expenditure	23,355
1970 - Services Provided Other Funds	684,920
1980 - Fees Charged to Grants	660,577
1990 - Miscellaneous	2,566,726
Revenue from Local Sources Total	86,608,221
Revenue from Intermediate Sources	
2101 - County School Funds	390,026
2102 - General Education Service District Funds	2,405,000
Revenue from Intermediate Sources Total	2,795,026
Revenue from State Sources	
3101 - State School Fund—General Support	84,523,682
3102 - State School Fund—School Lunch Match	-
3103 - Common School Fund	1,916,974
3199 - Other Unrestricted Grants-in-aid	-
3222 - State School Fund (SSF) Transportation Equipment	723,899
3299 - Other Restricted Grants-in-aid	542,838
Revenue from State Sources Total	87,707,393
Revenue from Federal Sources	
4200 - Unrestricted Revenue From the Federal Government Through the State	214,745
4300 - Restricted Revenue Direct From the Federal Government	-
4500 - Restricted Revenue From the Federal Government Through the State	36,123
Revenue from Federal Sources Total	250,868
Revenue from Other Sources	
5100 - Long-term Debt Financing Sources	1,390,000
5200 - Interfund Transfers	-
5300 - Sale of or Compensation for Loss of Fixed Assets	91,270
5400 - Resources—Beginning Fund Balance	17,071,473
Revenue from Other Sources Total	18,552,744
Total Revenues	\$ 195,914,252

200 - Special Revenue Funds	300 - Debt Service Funds	400 - Capital Projects Funds	700 - Trust and Agency Funds	Totals
\$ -	\$ 32,546,206	\$ -	\$ -	\$ 112,923,908
-	-	-	-	-
-	-	-	-	19,250
89,499	441,570	3,652,409	2,837	5,559,768
2,320,696	-	-	-	2,320,696
3,204,298	-	-	-	3,674,523
-	-	8,213	-	440,225
455,191	-	-	9,991	465,182
-	-	-	-	23,355
-	-	-	-	684,920
-	-	-	-	660,577
1,680,038	-	67,260	-	4,314,024
<u>7,749,721</u>	<u>32,987,776</u>	<u>3,727,882</u>	<u>12,828</u>	<u>131,086,428</u>
-	-	-	-	390,026
<u>795,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200,000</u>
<u>795,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,590,026</u>
-	8,202,262	-	-	92,725,944
57,356	-	-	-	57,356
-	-	-	-	1,916,974
-	-	-	-	-
-	-	-	-	723,899
5,197,716	-	-	-	5,740,554
<u>5,255,072</u>	<u>8,202,262</u>	<u>-</u>	<u>-</u>	<u>101,164,727</u>
-	-	-	-	214,745
40,684	-	-	-	40,684
<u>10,577,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,613,894</u>
<u>10,618,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,869,323</u>
-	-	-	-	1,390,000
-	-	-	-	-
-	-	3,512,248	-	3,603,518
8,163,505	2,385,310	175,098,243	105,224	202,823,755
<u>8,163,505</u>	<u>2,385,310</u>	<u>178,610,491</u>	<u>105,224</u>	<u>207,817,273</u>
<u>\$ 32,581,753</u>	<u>\$ 43,575,348</u>	<u>\$ 182,338,373</u>	<u>\$ 118,052</u>	<u>\$ 454,527,778</u>

Administrative School District No. 1
Deschutes County, Oregon
General Fund Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2019

	Object 100	Object 200
Instruction		
1111 - Elementary, K-5 or K-6	\$ 24,291,559	\$ 12,498,857
1113 - Elementary Extracurricular	-	-
1121 - Middle/Junior High Programs	10,684,117	5,405,708
1122 - Middle/Junior High School Extracurricular	479,831	114,072
1131 - High School Programs	12,843,139	6,437,547
1132 - High School Extracurricular	1,465,161	383,872
1210 - Programs for the Talented and Gifted	296,664	150,900
1220 - Restrictive Programs for Students with Disabilities	5,487,170	3,323,513
1250 - Less Restrictive Programs for Students with Disabilities	3,062,455	1,770,839
1271 - Remediation	529	169
1280 - Alternative Education	634,989	352,773
1291 - English Language Learner (ELL) – As per ORS 336.079	1,204,042	555,249
1292 - Teen Parent Programs	155,649	69,942
1400 - Summer School Programs	17,727	4,919
Instruction Total	60,623,032	31,068,360
Support Services		
2110 - Attendance and Social Work Services	134,887	88,487
2120 - Guidance Services	3,958,921	1,985,606
2130 - Health Services	1,081,670	496,557
2140 - Psychological Services	883,418	388,071
2150 - Speech Pathology and Audiology Services	1,497,213	802,242
2190 - Service Direction, Student Support Services	791,747	404,263
2210 - Improvement of Instruction Services	1,358,699	601,054
2220 - Educational Media Services	1,079,680	625,941
2230 - Assessment and Testing	149,934	72,628
2240 - Instructional Staff Development	322,137	159,659
2310 - Board of Education Services	22,418	12,235
2320 - Executive Administration Services	303,760	120,290
2410 - Office of the Principal Services	7,867,272	3,816,324
2490 - Other Support Services—School Administration	29,401	13,893
2510 - Direction of Business Support Services	102,730	49,105
2520 - Fiscal Services	781,986	435,694
2540 - Operation and Maintenance of Plant Services	5,428,324	2,953,804
2550 - Student Transportation Services	3,856,696	2,443,709
2570 - Internal Services	416,248	225,182
2620 - Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	61,793	32,000
2630 - Information Services	149,578	64,317
2640 - Staff Services	813,425	624,818
2660 - Technology Services	1,715,718	806,752
2680 - Interpretation and Translation Services	94,772	78,816
Support Services Total	32,902,427	17,301,447
Enterprise and Community Services		
3300 - Community Services	247,307	105,885
Enterprise and Community Services Total	247,307	105,885
Other Uses/Expenditures		
5100 - Debt Service	-	-
Other Uses/Expenditures Total	-	-
Total General Fund	\$ 93,772,766	\$ 48,475,692

Object 300	Object 400	Object 500	Object 600	Total
\$ 1,417,994	\$ 2,003,430	\$ -	\$ 50	\$ 40,211,890
-	4,179	-	-	4,179
625,560	1,115,808	-	14,959	17,846,152
30,668	58,540	3,600	4,207	690,918
642,431	1,843,292	71,138	17,905	21,855,452
432,960	252,862	23,590	4,396	2,562,841
21,035	23	-	-	468,622
379,942	30,017	-	105	9,220,747
243,297	43,895	-	-	5,120,486
-	15,442	-	-	16,140
6,699,306	57,481	-	439	7,744,988
57,236	20,661	-	-	1,837,188
6,867	1,948	-	-	234,406
5,040	-	-	-	27,686
10,562,336	5,447,578	98,328	42,061	107,841,695
335,409	2,957	-	-	561,740
115,322	8,222	-	60	6,068,131
12,763	8,820	-	3,033	1,602,843
133,665	20,895	-	450	1,426,499
65,871	9,910	-	70	2,375,306
109,311	10,109	-	-	1,315,430
95,407	33,108	-	229	2,088,497
31,823	183,666	-	747	1,921,857
225,428	2,514	-	-	450,504
305,295	33,611	-	8,765	829,467
161,632	18,483	-	17,833	232,601
101,765	60,253	-	350	586,418
196,434	154,273	-	2,520	12,036,823
-	-	-	-	43,294
12,256	4,234	-	2,949	171,274
45,768	63,468	17,032	809,796	2,153,744
4,840,035	1,299,837	677,927	21,143	15,221,070
681,370	1,757,084	1,373,891	216,945	10,329,695
193,162	146,194	7,697	170,440	1,158,923
206	38	-	-	94,037
33,593	5,922	-	335	253,745
269,552	35,122	5,037	61,190	1,809,144
609,423	740,096	355,415	335	4,227,739
-	-	-	-	173,588
8,575,490	4,598,816	2,436,999	1,317,190	67,132,369
-	70	-	-	353,262
-	70	-	-	353,262
-	-	-	704,206	704,206
-	-	-	704,206	704,206
\$ 19,137,826	\$ 10,046,464	\$ 2,535,327	\$ 2,063,457	\$ 176,031,532

Administrative School District No. 1
Deschutes County, Oregon
Special Revenue Funds Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2019

Row Labels	Object 100	Object 200
Instruction		
1111 - Elementary, K-5 or K-6	\$ 18,915	\$ 6,866
1113 - Elementary Extracurricular	4,568	1,592
1121 - Middle/Junior High Programs	43,230	4,821
1122 - Middle/Junior High School Extracurricular	1,132	365
1131 - High School Programs	208,061	121,065
1132 - High School Extracurricular	58,109	28,230
1220 - Restrictive Programs for Students with Disabilities	56,125	40,614
1250 - Less Restrictive Programs for Students with Disabilities	1,581,328	912,389
1271 - Remediation	32,688	12,396
1272 - Title I/A/D	1,166,671	628,310
1280 - Alternative Education	38,628	36,590
1291 - English Language Learner (ELL) – As per ORS 336.079	31,365	30,014
1292 - Teen Parent Programs	4,499	1,782
1299 - Other Programs	-	-
1400 - Summer School Programs	26,951	9,019
Instruction Total	3,272,270	1,834,053
Support Services		
2110 - Attendance and Social Work Services	134,981	87,718
2120 - Guidance Services	293,871	170,518
2130 - Health Services	34,521	22,761
2150 - Speech Pathology and Audiology Services	-	-
2210 - Improvement of Instruction Services	329,957	160,658
2220 - Educational Media Services	-	-
2230 - Assessment and Testing	78,691	44,982
2240 - Instructional Staff Development	527,319	284,777
2320 - Executive Administration Services	21,537	12,997
2410 - Office of the Principal Services	311,558	169,700
2490 - Other Support Services—School Administration	106,349	41,982
2510 - Direction of Business Support Services	-	-
2540 - Operation and Maintenance of Plant Services	71,659	51,524
2550 - Student Transportation Services	-	-
2620 - Planning, Research, Development, Evaluation Services, Gra	7,724	4,589
2700 - Supplemental Retirement Program	185,054	4,106
Support Services Total	2,103,221	1,056,312
Enterprise and Community Services		
3100 - Food Services	2,517,071	1,321,226
3300 - Community Services	326,693	251,538
Enterprise and Community Services Total	2,843,764	1,572,764
Total Special Revenue Fund	\$ 8,219,255	\$ 4,463,129

Object 300		Object 400		Object 500		Object 600		Total
\$	352,193	\$	217,734	\$	-	\$	215	\$ 595,923
	61,746		237,700		-		-	305,606
	127,321		190,908		-		285	366,565
	33,412		121,164		3,400		-	159,473
	392,296		801,442		312,017		4,025	1,838,906
	548,087		896,636		20,890		1,322	1,553,274
	29,682		36,657		-		119	163,197
	4,276		511		-		-	2,498,504
	153		2,082		-		-	47,319
	66,122		44,923		-		-	1,906,026
	119,085		29,757		-		44	224,104
	-		293		-		-	61,672
	266		301		-		-	6,848
	182		3,274		-		-	3,456
	1,166		2,794		-		-	39,930
	<u>1,735,987</u>		<u>2,586,176</u>		<u>336,307</u>		<u>6,010</u>	<u>9,770,803</u>
	69,902		128,997		-		390	421,988
	49,724		6,249		-		-	520,362
	36,606		-		-		-	93,888
	-		765		-		-	765
	50,133		2,874		-		280	543,902
	606		38,965		-		-	39,571
	-		-		-		-	123,673
	383,112		30,197		-		70	1,225,475
	-		-		-		-	34,534
	6,025		4,545		-		-	491,828
	3,006		-		-		-	151,337
	-		-		-		340,577	340,577
	552,912		15,324		445,050		140	1,136,609
	95,400		345		-		-	95,745
	-		-		-		-	12,313
	-		-		-		-	189,160
	<u>1,247,426</u>		<u>228,261</u>		<u>445,050</u>		<u>341,457</u>	<u>5,421,727</u>
	230,620		2,989,826		51,786		156,081	7,266,610
	<u>1,072,050</u>		<u>31,703</u>		-		<u>800</u>	<u>1,682,784</u>
	<u>1,302,670</u>		<u>3,021,529</u>		<u>51,786</u>		<u>156,881</u>	<u>8,949,394</u>
\$	<u>4,286,083</u>	\$	<u>5,835,966</u>	\$	<u>833,143</u>	\$	<u>504,348</u>	<u>\$ 24,141,924</u>

Administrative School District No. 1
Deschutes County, Oregon
Debt Service Funds Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2019

	Object 300	Object 600	Total
Support Services			
2520 - Fiscal Services	\$ 650	\$ -	\$ 650
Support Services Total	650	-	650
Other Uses/Expenditures			
5100 - Debt Service	-	39,989,256	39,989,256
Other Uses/Expenditures Total	-	39,989,256	39,989,256
Total Debt Service Funds	\$ 650	\$ 39,989,256	\$ 39,989,906

Administrative School District No. 1
Deschutes County, Oregon
Capital Project Funds Schedule of Expenditures by Function (Budgetary Basis)
Year Ended June 30, 2019

	Object 100	Object 200	Object 300	Object 400	Object 500	Total
Facilities Acquisition and Construction						
4110 - Service Area Direction	\$ 857,728	\$ 417,177	\$ 75,317	\$ 8,567	\$ 2,183	\$ 1,360,972
4120 - Site Acquisition and Development Services	-	-	-	-	738,063	738,063
4150 - Building Acquisition, Construction, and Improvement Services	121,643	50,890	37,130	237	56,744,025	56,953,925
Facilities Acquisition and Construction Total	979,371	468,067	112,447	8,804	57,484,271	59,052,960
Total Capital Projects Funds	\$ 979,371	\$ 468,067	\$ 112,447	\$ 8,804	\$ 57,484,271	\$ 59,052,960

Administrative School District No. 1
 Deschutes County, Oregon
 Trust and Agency Funds Schedule of Expenditures by Function (Budgetary Basis)
 Year Ended June 30, 2019

	Object 300	Total
Enterprise and Community Services		
3300 - Community Services	\$ 15,000	\$ 15,000
Enterprise and Community Services Total	15,000	15,000
 Total Trust and Agency Funds	 \$ 15,000	 \$ 15,000

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, 2019

A. Energy Bill for Heating - All Funds:

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

Function	Objects 325 & 326
2540	\$2,358,714
2550	-

B. Replacement of Equipment - General Fund

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

Fund	Amount
General	None

Exclude these functions:

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

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S

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, 2019 and have issued our report thereon dated December 8, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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

December 8, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2019.

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

December 8, 2019

**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, 2019. 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, 2019.

**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

December 8, 2019

Administrative School District No. 1
Deschutes County, Oregon
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

	Pass Through		CFDA	Other	From Direct	From Pass			
Federal Agency	Agency	Federal Program Title	Number	Identification	Awards	Awards	Total Awards	Footnote	
USDA	Oregon Dept. of Education	School Breakfast Program	10.553	902001	-	969,346	969,346		
		National School Lunch Program	10.555	902001	-	2,355,134	2,355,134		
		Food Distribution (Commodities)	10.555	902001	-	492,750	492,750		
		Commodities from Private Schools	10.555	n/a	-	5,256	5,256		
		Summer Food Service Program for Children	10.559	902001	-	96,331	96,331		
		Summer Food Service Program for Children	10.559	Health insp	-	1,150	1,150		
		Subtotal Nutrition Cluster			-	3,919,967	3,919,967	1	
		Fresh Fruit and Vegetable Program	10.582	902001	-	159,774	159,774		
		Child and Adult Care Food Program	10.558	902001	-	325,949	325,949	1	
		Total USDA					-	4,405,690	4,405,690
Dept of Defense		National Junior ROTC	12.U01	n/a	40,684	-	40,684		
U.S. Dept of Education	Oregon Dept. of Education	Title I Grants to Local Education Agencies	84.010	45729	-	10,300	10,300		
		Title I Grants to Local Education Agencies	84.010	50346	-	2,533,539	2,533,539		
		Title I Grants to Local Education Agencies	84.010	51434	-	1,692	1,692		
		Title I Grants to Local Education Agencies	84.010	45547	-	68,529	68,529		
		Title I Grants to Local Education Agencies	84.010	50306	-	53,852	53,852		
		Subtotal Title I			-	2,667,912	2,667,912		
		Special Education - Grants to States	84.027	49113	-	2,198	2,198		
		Special Education - Grants to States	84.027	42595	-	12,731	12,731		
		Special Education - Grants to States	84.027	49839	-	2,632,035	2,632,035		
		Special Education - Grants to States	84.027	19460	-	11,681	11,681		
		Special Education - Grants to States	84.027	52200	-	1,245	1,245		
		Special Education - Grants to States	84.027	n/a	-	3,260	3,260		
		Subtotal Special Education - Grants to States	84.027		-	2,663,150	2,663,150		
		Special Education - Preschool Grants	84.173	50037	-	3,444	3,444		
		Subtotal Special Education Cluster			-	2,666,594	2,666,594		
		Special Education-State Personnel Development	84.323	47581	-	18,312	18,312		
		English Language Acquisition State Grants	84.365	50231	-	76,816	76,816		
		Supporting Effective Instruction	84.367	47259	-	394,926	394,926		
		Supporting Effective Instruction	84.367	45761	-	47,508	47,508		
		Subtotal Supporting Effective Instruction			-	442,434	442,434		
		Student Support and Academic Enrichment	84.424	47675	-	25,761	25,761		
		Student Support and Academic Enrichment	84.424	50675	-	176,691	176,691		
		Subtotal Student Support and Academic Enrichment			-	202,452	202,452		
		Total Passed Through Oregon Department of Education					-	6,074,520	6,074,520
	Oregon University System	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	n/a	-	29,567	29,567		
		High Desert ESD	Career and Technical Education - Basic Grants to States	84.048	n/a	-	1,836	1,836	
			Education for Homeless Children and Youth	84.196	n/a	-	13,767	13,767	
			Total Passed Through High Desert ESD			-	15,603	15,603	
		Dept of Human Services	Special Education - State Vocational Rehabilitation	84.126A	n/a	-	52,394	52,394	
	Total US Dept of Education					-	6,172,084	6,172,084	
	US Dept of Health and Human Services	Oregon Dept. of Education	Foster Care Transportation	93.658	47365	-	18,660	18,660	
Total Federal Financial Assistance					40,684	10,596,434	10,637,118		

(1) Audited as major programs

Administrative School District No. 1 Deschutes County, Oregon
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

Significant Accounting Policies

Note A - Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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 SEFA 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

Basis of Presentation - Expenditures on the SEFA are reported on the modified accrual basis of accounting. Under a modified accrual basis, 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.

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

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

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, 2019

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? No
- Significant deficiencies? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? 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>
10.553, 10.555, 10.559	Child Nutrition Cluster
10.558	Adult and Child Care Food Program

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, 2019

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.

We would like to take this opportunity to express our appreciation for all the efforts of these staff members who assisted in the preparation of this Comprehensive Annual Financial Report: Cindy Wallskog, Financial Services Manager, Nick Shein, Accounting Services Manager; Diana Silcocks, Staff Accountant; Kristi Scheiderman, Staff Accountant; Marcia Copple, Staff Accountant; Hallie Smith, Accounts Payable; Sandy Grafton, Nutrition Assistant Operations Supervisor and Michael Asher, Graphic Designer.

The Finance Team

E s t . 1 8 8 3

B E N D  L A P I N E
S c h o o l s

E D U C A T I N G T H R I V I N G C I T I Z E N S