

# **DOUGLAS EDUCATION SERVICE DISTRICT**

## **Annual Financial Report**

**June 30, 2018**

Douglas Education Service District

June 30, 2018

---

BOARD OF DIRECTORS

CHRIS RUSCH ..... Chair  
PO Box 185  
Tiller, OR 97484

ANITA COX ..... Vice-Chair  
PO Box 1029  
Sutherlin, OR 97479

FERNE HEALY ..... Director  
2867 NW Kline Street  
Roseburg, OR 97470

HANK PERRY ..... Director  
3860 Azalea-Glen Rd  
Glendale, OR 97442

GINA STEWART ..... Director  
318 SE Jackson St.  
Roseburg, OR 97470

MIKE KEIZER ..... Director  
P.O. BOX 257  
Glide, OR 97443

HARRY MCDERMOTT ..... Director  
PO Box 128  
Winchester, OR 97495

ADMINISTRATION

MICHAEL LASHER ..... Superintendent

BARBARA TAYLOR ..... Financial Director

Douglas Education Service District

June 30, 2018

---

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....		1-3
MANAGEMENT'S DISCUSSION & ANALYSIS .....		4-13
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position .....	A-1 .....	14
Statement of Activities .....	A-2 .....	15
Fund Financial Statements:		
Balance Sheet-Governmental Funds .....	B-1 .....	16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position.....	B-2 .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	B-3 .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities ....	B-4 .....	19
Statement of Net Position - Internal Service Funds.....	B-5 .....	20
Statement of Revenues, Expenses and Change in Fund Balances – Internal Service Funds .....	B-6 .....	21
Statement of Cash Flows - Internal Service Funds .....	B-7 .....	22
NOTES TO FINANCIAL STATEMENTS.....		23-50
REQUIRED SUPPLEMENTARY INFORMATION:		
Budgetary Comparison Schedules		
Budgetary Comparison for the General Fund (Required Supplementary Information) .	C-1 .....	51
Budgetary Comparison of General Fund Expenditures .....	C-2 .....	52-53
Budgetary Comparison for the Grant Fund .....	C-3 .....	54
Budgetary Comparison for the Grant Fund Expenditures.....	C-4 .....	55-56
Budgetary Comparison for the Early Intervention Hub Fund .....	C-5 .....	57-58
Budgetary Comparison for the Early Intervention Grant Fund.....	C-6 .....	59-60
Budgetary Comparison for the Reimbursement Fund .....	C-7 .....	61-62
Budgetary Comparison for the Debt Service Fund .....	C-8 .....	63
Budgetary Comparison for the Capital Improvement Fund .....	C-9 .....	64
Budgetary Comparison for the Production Services Fund.....	C-10 .....	65-66
Budgetary Comparison for the Information Technology Fund .....	C-11 .....	67-68
Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions .....	C-12 .....	69

Douglas Education Service District

June 30, 2018

---

TABLE OF CONTENTS  
(Continued)

Schedule of Pension Amounts under GASB 68 .....	C-13.....	70
Schedule of Pension Amounts under GASB 75 .....	C-14.....	71

OTHER SUPPLEMENTARY INFORMATION:

Combining and Individual Fund Financial Statements and Schedules:

Non-Major Governmental Funds:

Combining Balance Sheet-All Non-Major Governmental Funds - By Fund Type.....	D-1.....	72
---	----------	----

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Governmental Funds - By Fund Type.....	D-2.....	73
---	----------	----

Schedules of Revenues, Expenditures and Changes in Fund Balances -

Actual and Budget - Special Revenue Funds:

Facility Maintenance Fund .....	D-3.....	74
---------------------------------	----------	----

Internal Service Funds:

Combining Statement of Net Position - Internal Service Funds by Fund Type.....	E-1 .....	75
--	-----------	----

Combining Schedule of Revenues, Expenditures, and Changes in Net Position - Internal Service Funds .....	E-2.....	76
---	----------	----

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Actual and Budget - Internal Service Funds:

Unemployment Fund.....	E-3 .....	77
Early Retirement Fund .....	E-4 .....	78
Computer Replacement Fund .....	E-5 .....	79
Facility Reserve Fund .....	E-6 .....	80
PERS Reserve Fund.....	E-7 .....	81

District Audit Revenue – All Funds.....	G-1 .....	82
---	-----------	----

District Audit Expenditures – General Funds .....	G-2 .....	83
---	-----------	----

District Audit Expenditures – All Special Revenue Funds .....	G-3 .....	84
---	-----------	----

District Audit Expenditures – Debt Service Fund.....	G-4 .....	85
--	-----------	----

District Audit Expenditures – Enterprise Funds .....	G-5 .....	86
--	-----------	----

District Audit Expenditures – Enterprise Funds .....	G-6 .....	87
--	-----------	----

District Audit Expenditures – Internal Service Funds.....	G-7 .....	88
---	-----------	----

AUDITOR'S COMMENTS.....	89-90
-------------------------	-------

SINGLE AUDIT ACT REQUIREMENTS.....	91-97
------------------------------------	-------

FORM 581-3211-C.....	98
----------------------	----



# NEUNER DAVIDSON & CO

Cooley, Rapp & Friel, LLC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Douglas Education Service District  
1871 NE Stephens St  
Roseburg, OR 97470

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas Education Service District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, each major fund, and the aggregate remaining fund information of the Douglas Education Service District as of June 30, 2018, and the respective changes in financial position, 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 budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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 Douglas Education Service District basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost principles, and audit requirements for Federal Rewards.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has 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 it.

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

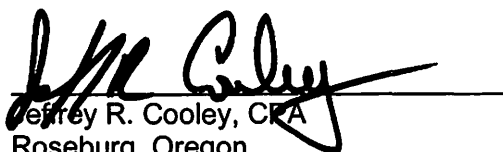
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the Douglas Education Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Douglas Education Service District's internal control over financial reporting and compliance.

**Other Reporting Required by Oregon Revised Statutes**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 7, 2018, on our consideration of the District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-111 to 162-10-320. 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.

Neuner Davidson & Co  
Certified Public Accountants

By:

  
Jeffrey R. Cooley, CPA  
Roseburg, Oregon  
December 7, 2018

## Management's Discussion and Analysis



**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

As management of Douglas Education Service District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District were less than its liabilities at June 30, 2018 by (\$4,720,490) as a result of the change in the Net Pension Liability for this year. Of this amount, \$549,679 represents the District's investment in capital assets, \$3,148,658 is restricted for debt service. Please refer to the Table of Contents to locate further details on the GASB 68 and GASB 75 impacts. The District implemented GASB 68 in fiscal year ending June 30, 2015.
- The District's total Net position decreased by (\$835,779). The (\$960,636) of this decrease is due to the GASB 68 calculation for fiscal year ending June 30, 2018.
- The District's governmental funds report combined ending fund balance of \$7,987,995 at June 30, 2018, an increase of \$1,838,834 in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2018, unassigned fund balance for the General Fund was \$1,493,166.
- General revenues amounted to \$5,938,488 or 21% of total resources. Program specific resources in the form of charges for services and operating grants accounted for \$22,026,444 or 79%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**Features of ESD-wide and Fund Financial Statements**

	ESD-wide Statements	<u>Fund Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire ESD (except fiduciary funds)	The activities of the ESD that are not proprietary or fiduciary	Activities the ESD operates similar to private businesses
Required Financial Statements	Statement of Net Position  Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due at year end, or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Statement of Net Position – ESD-wide and Proprietary Funds**

The Statement of Net Position is used to assess the District's financial status. When compared to the previous year, you can determine if the District's financial position improved or deteriorated. The net position can also be averaged to compare with other districts. The financial position of the District reflects on its ability to meet its obligations as they come due and to finance the services of its constituency.

**Statement of Activities – ESD-wide**

The Statement of Activities is used to examine cost of services, net costs of services to taxpayers, types of expenses and revenues, balance between revenues and expenses, change in financial position and its causes and unusual transactions. The change in determines if 'there is more or less left over' and if the District will be able to finance services in the future.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

**Governmental Fund Financial Statements**

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances track the financial activity of the District's basic services, such as instruction and support services.

**Proprietary Fund Financial Statements**

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position track the financial activity of the District's internal services, which are similar to businesses.

**Balance Sheet – Governmental Funds**

The Balance Sheet is used to examine the District's short-term assets and liabilities and to determine the District's short-term need for cash. The Balance Sheet is essential to determine the District's liquidity with its focus on current assets and liabilities.

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds**

The Statement of Revenues, Expenditures, and Changes in Fund Balance is used to examine the flows of short-term resources in the District, it determines if revenues and expenditures balance, and to find out if resources are available for future services.

**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds**

The Statement of Revenues, Expenses, and Changes in Net Position is used to examine proportions of changes in a proprietary fund's revenues and expenses and to assess the ability of proprietary activities to finance their costs in both the short and long-term.

**Budgetary Comparison Schedule**

The Budgetary Comparison Schedule is used to determine if the District followed its legally adopted budget. Also demonstrates the District's ability to budget accurately and its ability to enforce and control finances. Variances may indicate faulty estimates, policy changes, or unforeseen economic shifts.

**Statement of Cash Flows – Proprietary Funds**

The Statement of Cash Flows is used to identify where cash comes from and how it is used. Tracking revenue and expenditures shows that the District has sufficient resources to cover expenses, but cash flows determine if the District has enough cash on hand to actually pay its bills. With this information you can see if the operations of business type activities generated enough cash on their own to support its needs. You can also get a sense of future cash needs and the ability of the District's business type activities to pay bills as they come due.

**Government-wide Financial Statements**

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

The *Statement of Net Position*. The *statement of net position* presents information on all of the assets and liabilities of the District as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities*. The *statement of activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position. 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

In the government-wide financial statements, the District's activities are shown as governmental activities. All basic District functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be located in the table of contents of this report.

### **Fund Financial Statements**

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Douglas Education Service District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds (general and special revenue)** The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains nine individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Grants Fund, Early Intervention Fund, Early Learning Fund, Reimbursement Fund, Debt Service Fund and the Capital Improvement Fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements elsewhere in this report.

The basic governmental fund financial statement can be located in the table of contents of this report.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**Proprietary funds (enterprise and internal service)** The District maintains two proprietary fund types. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for risk management insurance and employee benefit activities. Internal service funds use the full accrual method of accounting. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Enterprise funds are an accounting device used to account for funds that operate similar to for profit entities, and use the full accrual method of accounting. The District uses Enterprise funds to account for printing/copying services and information technology services provided to outside entities. Enterprise funds are presented separately on the Government Wide Financial Statements.

The proprietary fund financial statements can be located in the table of contents of this report.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be located in the table of contents of this report.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* related to Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund and Major Special Revenue Funds. Required supplementary information can be located in the table of contents of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information. Combining and individual fund statements and schedules can be located in the table of contents of this report.

**Modified Accrual Accounting vs. Full Accrual Accounting**

The following table shows the difference in modified accrual accounting, as done on past financial statements and full accrual accounting, as required by GASB34.

	<u><i>Modified Accrual</i></u>	<u><i>Full Accrual</i></u>
<b>Revenue</b>	Available and measurable.  Record revenue if payment is received during year or soon after (within 60 days) and is available to pay current year's liabilities.	Earned and measurable.  Earned and is "reasonably certain to be collected."
<b>Expense</b>	Recognize in the accounting period in which the fund liability is incurred, and measurable.  Records expenditures. Outflow cash, or promise to pay for goods and services that have been received.	Recognize in the accounting period in which the liability is incurred and measurable.  Records expenses. Decreases in net assets resulting from the using up or Outflows of assets in the course of operating and providing goods and services.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

**FINANCIAL ANALYSIS OF THE ESD'S FUNDS**

Below are graphs showing the composition of the sources of funds (revenue) and expenditures in our fund groups:

General Fund – resolution programs and overhead

Special Revenue Funds – regional programs, early intervention program, grants and contracts

Revenues as of June 30			
Revenue Source	2018		2017
Local Sources	\$	11,361,331	\$ 11,135,743
Intermediate Sources		454,410	424,609
State Sources		13,927,077	13,724,167
Federal Sources		2,521,742	2,451,286
Total	\$	28,264,560	\$ 27,735,805

Revenue increased overall as Local and Federal sources realized increased funding commitments for the end of the 2017-19 biennium.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (THE ESD AS A WHOLE)**

**Statement of Net Position** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$4,720,490 as of June 30, 2018. Net position is divided into amounts representing (1) capital assets, net of related debt, (2) restricted by external restriction, and (3) unrestricted.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment represent about six percent of total assets. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. The remaining assets consist mainly of investments, cash, pension assets and grants and property taxes receivable.

The District's largest liability of \$20,413,990 is for the repayment of long-term debt. Net Pension Liability for GASB 68 is \$15,651,102 of the long-term liabilities. In addition, implementation of GASB 68 has added Deferred Inflow of Resources for future PERS Obligations of \$958,085. Please locate Note 6 in the table of contents in this report for further information. Current liabilities, representing about 9% of the District's total liabilities, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt principle. Current Liabilities total \$2,094,002.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

During the current fiscal year, the District's net position decreased by \$860,562, which includes a prior period restatement to Net Position due to GASB 75 implementation.

<b>NET POSITION AT JUNE 30</b>		
	<b>2018</b>	<b>2017</b>
CURRENT ASSETS	\$ 11,648,416	\$ 10,496,152
NON CURRENT ASSETS	795,915	840,261
DEFERRED OUTFLOW OF RESOURCES	6,091,263	9,626,340
TOTAL ASSETS	<u>\$ 18,535,594</u>	<u>\$ 20,962,753</u>
CURRENT LIABILITIES	\$ 2,094,002	\$ 2,582,184
LONG TERM DEBT OUTSTANDING	20,203,997	21,701,683
DEFERRED INFLOW OF RESOURCES	958,085	538,814
TOTAL LIABILITIES	<u>\$ 23,256,084</u>	<u>\$ 24,822,681</u>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 549,679	\$ 632,886
RESTRICTED	6,460,414	1,500,417
UNRESTRICTED	(11,730,584)	(5,993,232)
NET POSITION	<u>\$ (4,720,491)</u>	<u>\$ (3,859,929)</u>

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**Statement of Activities**

<b>Changes in Net Position For Year Ended June 30 With GASB 68 Adjustment</b>		
<b>Revenues:</b>	<b>2018</b>	<b>2017</b>
<b>Program Revenues:</b>		
Charges for service	\$ 1,243,037	\$ 720,321
Operating grants and contributions	20,783,407	20,158,886
<b>Total Program Revenues</b>	<b>\$ 22,026,444</b>	<b>\$ 20,879,207</b>
<b>General Revenues:</b>		
Property taxes	\$ 4,302,712	\$ 4,151,344
State school fund – general support	1,920,598	1,539,988
Services provided other funds	517,653	994,322
Unrestricted state and local sources	29,829	14,986
Other intermediate Sources		193,054
Earnings on investments	64,569	43,285
Miscellaneous	17,690	25,866
<b>Total General Revenues</b>	<b>\$ 6,853,051</b>	<b>\$ 6,962,844</b>
<b>Expenses:</b>		
Instruction	\$ 8,709,634	\$ 7,713,104
Support services	12,559,108	11,588,351
Community Services	2,011,258	2,824,847
Facilities and Acquisition	30,315	85,720
Interest expense on long-term debt	330,077	298,329
Depreciation	160,277	120,356
Amortization	0	0
Apportionment of ESD funds	4,997,041	4,756,826
<b>Total Expenses</b>	<b>\$ 28,800,711</b>	<b>\$ 27,387,533</b>
GASB 68 Pension Income	(960,636)	(1,826,444)
GASB 75 PERS OPEB RHIA	46,073	
<b>Increase (decrease) in Net Position</b>	<b>\$ (914,563)</b>	<b>\$ (1,371,926)</b>
Net position – July 1, 2016		(2,488,002)
Net position – July 1, 2017	(3,859,929)	
GASB 75 Net Position Restatement	(24,782)	
<b>Net position – June 30, 2018</b>	<b>\$ (4,720,490)</b>	<b>\$ (3,859,929)</b>

- Property tax revenues increased by about \$151,368 or 4% (four percent) during the year.
- Operating grants and contributions increased, showing an increase in grant/contract amounts awarded to the district.
- Investment earnings increased by \$21,284, reflecting a 49% increase during the year.



**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

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

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

**Governmental funds.** The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of net resources available for spending at the end of a fiscal year.

At June 30, 2018, the District's governmental funds reported combined ending fund balances of \$7,987,995 an increase of \$,838,834 in comparison with prior year. Most of this is in the Early Learning Fund and the new Capital Improvement Fund.

*General Fund.* The General Fund is the primary operating fund of the District. As of June 30, 2018, unassigned fund balance was \$1,493,166. The fund balance increased by \$33,910 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance at June 30, 2018 represented 21% of total expenditures for the year ended June 30, 2018.

*Debt Service Fund.* The Debt Service Fund has a total fund balance of \$1,448,658, all of which is restricted for the payment of debt service.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2018, the District has invested \$549,679 in capital assets, net of depreciation, as shown in the following table:

<b>Capital Assets (net of depreciation) June 30, 2018</b>		
	<b>2018</b>	<b>2017</b>
<b>Land</b>	\$ 51,996	\$ 51,996
<b>Buildings &amp; improvements</b>	417,405	452,427
<b>Vehicles &amp; equipment</b>	80,278	128,463
<b>Total</b>	\$ 549,679	\$ 632,886

Additional information of the District's capital assets can be found in the notes to the basic financial statements.

**DOUGLAS EDUCATION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$3,076,640 consisting of PERS bond debt net of unamortized premium/discount. This is a limited tax pension obligation and not subject to the state statutes limit on the amount of general obligation debt a governmental entity may issue as a percent of its total assessed valuation. Since the District has no general obligation debt, the statutory debt limitation is not an issue. With the implementation of GASB 68, additional long term liabilities as deferred inflow of resources in the amount of \$958,085 is reflected on the Statement of Net Position.

PERS is the Oregon public pension system. Under such a plan the actuarial liability is the present value of the plan's current and expected benefit payments, less the plan's assets. If the liability exceeds the assets of the plan, the plan has a shortfall known as an unfunded actuarial liability (UAL). The District issued the bonds to reduce its future pension obligation estimated at \$ 8.7 million at an interest rate below the rate charged by PERS on the UAL.

Additional information on the District's long-term debt and GASB 68 can be found in the notes to the basic financial statements of this report.

In April 2018, the District incurred debt to remodel new administrative offices located in the new City of Roseburg Library. Original Issue amount was \$1,700,000 with maturity in 2033. Please see the table of contents for Note 5 for additional detail.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2018, the State School Fund – General Support provided over 24% of the District's General Fund program revenues.

Salaries and benefits costs are expected to increase in 2018-19, based on negotiated contractual obligations. The District is also receiving increased state/federal funding for existing and new contracts.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Financial Services, 1871 NE Stephens, Roseburg, Oregon 97470.

## **Basic Financial Statements**

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Statement of Net Position - Governmental Activities

June 30, 2018

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 7,778,380	\$ 51,730	\$ 7,830,110
Cash - Early Retirement Asset	244,725	-	244,725
Accounts Receivable	2,993,636	12,795	3,006,431
Interfund Receivable from Business Type Activities	48,968	-	48,968
Property Taxes Receivable	458,765	-	458,765
Prepaid Expenses	3,400	-	3,400
Construction in Process	35,066	-	35,066
Inventory	-	20,951	20,951
Total Current Assets	11,562,941	85,476	11,648,416
Noncurrent Assets:			
Net OPEB Asset as Related to PERS	38,919	-	38,919
Net OPEB Asset	207,317	-	207,317
Total Pension Assets	246,236	-	246,236
Land	51,996	-	51,996
Buildings & Improvements	1,307,876	-	1,307,876
Vehicles	154,864	-	154,864
Equipment	675,449	-	675,449
Less: Accumulated Depreciation	(1,640,506)	-	(1,640,506)
Total Depreciable Assets	549,679	-	549,679
Total Noncurrent Assets	795,915	-	795,915
Deferred Outflow of Resources:			
Current Year PERS Contributions	6,091,263	-	6,091,263
Total Deferred Outflow of Resources	6,091,263	-	6,091,263
Total Assets	18,450,119	85,476	18,535,594
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 934,810	\$ 1,003	\$ 935,812
Interfund Payable	-	48,968	48,968
Accrued Salaries & Benefits	899,229	-	899,229
Current Portion of Library Debt	84,672	-	84,672
Current Portion of Pension Bonds Payable	125,321	-	125,321
Total Current Liabilities	2,044,032	49,971	2,094,002
Long-Term Liabilities:			
Long-term portion of Library Note Payable	1,686,248	-	1,686,248
Less Current portion of Library Note Payable	(84,672)	-	(84,672)
Net Pension Liability	15,651,102	-	15,651,102
Long-term portion of Pension Bonds Payable	3,076,640	-	3,076,640
Less Current portion of Pension Bonds Payable	(125,321)	-	(125,321)
Total Long-Term Liabilities	20,203,997	-	20,203,997
Deferred Inflow of Resources:			
Net Difference PERS Investments	958,085	-	958,085
Total Deferred Inflow of Resources	958,085	-	958,085
Total Liabilities	23,206,114	49,971	23,256,084
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	549,679	-	549,679
Restricted for:			
Debt Service	3,148,658	-	3,148,658
Special Grants and Projects	3,290,805	-	3,290,805
Business Type Activities	-	20,951	20,951
Unrestricted	(11,745,137)	14,554	(11,730,584)
Total Net Position	\$ (4,755,995)	\$ 35,505	\$ (4,720,490)

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Statement of Activities - Governmental Activities

For the Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Change in Net Assets		
	(Expenses)	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:						
Instruction						
Special Programs	\$ (8,709,634)	\$ -	\$ 10,307,914	\$ 1,598,279	\$ -	\$ 1,598,279
Total Instruction	<u>(8,709,634)</u>	<u>-</u>	<u>10,307,914</u>	<u>1,598,279</u>	<u>-</u>	<u>1,598,279</u>
Supporting Services						
Students	(7,482,892)	750,704	5,944,287	(787,901)	-	(787,901)
Instructional Staff	(1,474,060)	-	1,037,913	(436,147)	-	(436,147)
General Administration	(358,575)	-	-	(358,575)	-	(358,575)
Fiscal Services	(962,094)	-	-	(962,094)	-	(962,094)
Other Fiscal Services	(48,820)	-	-	(48,820)	-	(48,820)
Business Services	(251,480)	-	82,299	(169,181)	-	(169,181)
Internal Service	(152,231)	-	-	(152,231)	-	(152,231)
Central Activities	(1,272,045)	-	20,000	(1,252,045)	-	(1,252,045)
Supplemental Retirement Program	(11,620)	-	-	(11,620)	-	(11,620)
Total Support Services	<u>(12,013,817)</u>	<u>750,704</u>	<u>7,084,499</u>	<u>(4,178,614)</u>	<u>-</u>	<u>(4,178,614)</u>
Community Services	<u>(2,011,258)</u>	<u>-</u>	<u>3,390,995</u>	<u>1,379,736</u>	<u>-</u>	<u>1,379,736</u>
Facilities and Acquisition	<u>(30,315)</u>	<u>-</u>	<u>-</u>	<u>(30,315)</u>	<u>-</u>	<u>(30,315)</u>
Interest on Long-Term Debt	<u>(333,077)</u>	<u>-</u>	<u>-</u>	<u>(333,077)</u>	<u>-</u>	<u>(333,077)</u>
Depreciation	<u>(160,277)</u>	<u>-</u>	<u>-</u>	<u>(160,277)</u>	<u>-</u>	<u>(160,277)</u>
Apportionment of Funds ESD	<u>(4,997,041)</u>	<u>-</u>	<u>-</u>	<u>(4,997,041)</u>	<u>-</u>	<u>(4,997,041)</u>
Total Governmental Activities:	<u>(28,255,420)</u>	<u>750,704</u>	<u>20,783,407</u>	<u>(6,721,308)</u>	<u>-</u>	<u>(6,721,308)</u>
Business Type Activities						
Production Services	(252,572)	246,597	-	-	(5,975)	(5,975)
Information Technology	(292,719)	245,735	-	-	(46,984)	(46,984)
Total Business Type Activities	<u>(545,291)</u>	<u>492,333</u>	<u>-</u>	<u>-</u>	<u>(52,959)</u>	<u>(52,959)</u>
Total Government	<u>\$ (28,800,711)</u>	<u>\$ 1,243,037</u>	<u>\$ 20,783,407</u>	<u>\$ (6,721,308)</u>	<u>\$ (52,959)</u>	<u>\$ (6,774,267)</u>

## General Revenues:

Local Sources		
Property Taxes, levied for general purposes	4,302,712	4,302,712
Interest and Investment Earnings	64,569	64,569
Services Provided other Funds	517,653	517,653
GASB 68 Pension Income (Expense)	(960,636)	(960,636)
GASB 75 PERS OPEB RHIA Income (Expense)	46,073	46,073
Miscellaneous	17,690	17,690
Unrestricted State and Local Sources	29,829	29,829
State School Fund - General Support	1,920,598	1,920,598
Subtotal - General Revenues	<u>5,938,488</u>	<u>5,938,488</u>
Change in Net Position	(782,820)	(835,779)
Net Position, June 30, 2017	(3,948,392)	(3,859,928)
Restatement, GASB 75 OPEB Liability	(24,783)	(24,783)
Net Position, July 1, 2017 as restated	<u>(3,973,175)</u>	<u>(3,884,711)</u>
Net Position, June 30, 2018	<u>\$ (4,755,995)</u>	<u>\$ (4,720,490)</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**Balance Sheet  
Governmental Funds

June 30, 2018

	Major Funds								Total Governmental Funds
	General Fund	Grants Fund	Early Intervention Fund	Early Learning Fund	Reimbursement Fund	Debt Service Fund	Capital Improvement Fund	Nonmajor Governmental Funds	
<b>ASSETS</b>									
Cash in Bank	\$ 903,987	\$ 2,195,158	\$ -	\$ -	\$ -	\$ 1,411,486	\$ 1,696,600	\$ 55,366	\$ 6,262,597
Cash in State Pool	2,345	-	-	-	-	34,702	-	-	37,047
Wells Fargo - PERS Bond Accou	-	-	-	-	-	377,176	-	-	377,176
Receivables:									
Accounts	5,853	441,964	1,636,537	656,816	252,466	-	-	-	2,993,636
Property Taxes	458,765	-	-	-	-	-	-	-	458,765
Due From Other Funds	1,382,459	-	-	-	-	-	-	-	1,382,459
Prepaid Expenses	-	-	-	-	-	-	3,400	-	3,400
Construction in Progress	35,066	-	-	-	-	-	-	-	35,066
<b>Total Assets</b>	<b>\$ 2,788,475</b>	<b>\$ 2,637,122</b>	<b>\$ 1,636,537</b>	<b>\$ 656,816</b>	<b>\$ 252,466</b>	<b>\$ 1,823,363</b>	<b>\$ 1,700,000</b>	<b>\$ 55,366</b>	<b>\$ 11,550,146</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 1,459	\$ 7,857	\$ 534,133	\$ 16,239	\$ 416	\$ 374,705	\$ -	\$ -	\$ 934,810
Accrued Payroll	899,229	-	-	-	-	-	-	-	899,229
Due From Other Funds	-	-	1,014,777	159,684	159,029	-	-	-	1,333,491
<b>Total Liabilities</b>	<b>900,688</b>	<b>7,857</b>	<b>1,548,911</b>	<b>175,923</b>	<b>159,446</b>	<b>374,705</b>	<b>-</b>	<b>-</b>	<b>3,167,530</b>
<b>Deferred Inflows of Resources:</b>									
Deferred Property Taxes	394,621	-	-	-	-	-	-	-	394,621
<b>Total Deferred Inflows</b>	<b>394,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>394,621</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>1,295,309</b>	<b>7,857</b>	<b>1,548,911</b>	<b>175,923</b>	<b>159,446</b>	<b>374,705</b>	<b>-</b>	<b>-</b>	<b>3,562,151</b>
<b>Fund Balance</b>									
Restricted	-	2,629,265	87,627	480,893	93,020	1,448,658	1,700,000	-	6,439,463
Assigned	-	-	-	-	-	-	-	55,366	55,366
Unassigned	1,493,166	-	-	-	-	-	-	-	1,493,166
<b>Total Fund Balance</b>	<b>1,493,166</b>	<b>2,629,265</b>	<b>87,627</b>	<b>480,893</b>	<b>93,020</b>	<b>1,448,658</b>	<b>1,700,000</b>	<b>55,366</b>	<b>7,987,995</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 2,788,475</b>	<b>\$ 2,637,122</b>	<b>\$ 1,636,537</b>	<b>\$ 656,816</b>	<b>\$ 252,466</b>	<b>\$ 1,823,363</b>	<b>\$ 1,700,000</b>	<b>\$ 55,366</b>	<b>\$ 11,550,146</b>

**DOUGLAS EDUCATION SERVICE DISTRICT**Reconciliation of the Balance Sheet - Governmental Funds  
To the Statement of Net Position

For the Year Ended June 30, 2018

Total governmental fund balances	\$ 7,987,995
----------------------------------	--------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental Capital Assets	\$ 2,190,185	
Less: Accumulated Depreciation	(1,640,506)	
Total Governmental Capital Assets net of Depreciation		<u>549,679</u>

Property taxes will not be available to pay for current-period expenditures and, therefore, are not reported in the funds.	394,621
--	---------

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	1,346,286
---	-----------

The asset for other postemployment benefits obligation at June 30, 2018 is not recorded in the governmental funds, but is recorded as a prepaid asset and reduces expenses in the government-wide statements.	207,317
---	---------

Current year PERS contributions are deferred outflows of resources that will be recognized expense in the subsequent period:	6,090,867
--	-----------

Current year PERS OPEB contributions are deferred outflows of resources that will be recognized expense in the subsequent period:	396
---	-----

District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years:	(940,060)
---	-----------

District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years as related to PERS OPEB :	(18,025)
--	----------

Net PERS OPEB asset is not available to pay for current period expenditures and therefore is not reported in the government funds:	38,919
--	--------

Net Pension liability is not a financial obligation and therefore is not reported in the government funds:	(15,651,102)
--	--------------

Library Note Payable	(1,686,248)	
Pension Bonds Payable	(3,076,640)	
Total Long-term liabilities		<u>(4,762,888)</u>

Net Position of Governmental Activities	<u>\$ (4,755,995)</u>
---	-----------------------

**DOUGLAS EDUCATION SERVICE DISTRICT**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds

June 30, 2018

	Major Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Grants Project Fund	Early Intervention Fund	Early Learning Fund	Reimbursement Fund	Debt Service Fund	Capital Improvement Fund		
<b>REVENUES:</b>									
Local Sources	\$ 5,167,903	\$ 1,662,971	\$ -	\$ 136,720	\$ 4,001,085	\$ 392,651	\$ -	\$ -	\$ 11,361,331
Intermediate Sources	-	454,410	-	-	-	-	-	-	454,410
State Sources	1,920,598	598,388	9,808,638	1,599,452	-	-	-	-	13,927,077
Federal Sources	-	541,009	1,919,271	61,461	-	-	-	-	2,521,742
<b>Total Revenues</b>	<b>7,088,501</b>	<b>3,256,779</b>	<b>11,727,909</b>	<b>1,797,634</b>	<b>4,001,085</b>	<b>392,651</b>	<b>-</b>	<b>-</b>	<b>28,264,560</b>
<b>EXPENDITURES:</b>									
Instruction									
Special Programs	614,962	8,094,672	-	-	-	-	-	-	8,709,634
Supporting Services									
Students	2,855,160	1,402,193	-	-	3,225,539	-	-	-	7,482,892
Instructional Staff	333,445	869,821	168,092	-	102,703	-	-	-	1,474,060
General Administration	358,575	-	-	-	-	-	-	-	358,575
Business Services	657,144	82,299	-	-	473,730	-	-	-	1,213,174
Internal Service	-	-	-	-	-	-	-	-	-
Central Activities	995,346	20,000	-	-	65,523	-	-	-	1,080,868
Technology Services	-	-	-	-	268,247	-	-	-	268,247
Community Services	-	281,177	-	1,730,081	-	-	-	-	2,011,258
Facilities and Acquisition	-	-	-	-	-	-	-	30,315	30,315
Debt Service	25,250	-	-	-	-	444,411	-	-	469,661
Apportionment of Funds ESD	1,169,710	-	3,827,331	-	-	-	-	-	4,997,041
<b>Total Expenditures</b>	<b>7,009,591</b>	<b>10,750,163</b>	<b>3,995,423</b>	<b>1,730,081</b>	<b>4,135,742</b>	<b>444,411</b>	<b>-</b>	<b>30,315</b>	<b>28,095,725</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>78,910</b>	<b>(7,493,384)</b>	<b>7,732,487</b>	<b>67,553</b>	<b>(134,657)</b>	<b>(51,759)</b>		<b>(30,315)</b>	<b>168,834</b>
<b>OTHER FINANCING SOURCES and (USES):</b>									
Long Term Debt Financing	-	-	-	-	-	-	1,700,000	-	1,700,000
Operating Transfers In	-	7,644,860	-	-	-	-	-	15,000	7,659,860
Operating Transfers Out	(45,000)	-	(7,644,860)	-	-	-	-	-	(7,689,860)
<b>Total Other Financing Sources (Uses)</b>	<b>(45,000)</b>	<b>7,644,860</b>	<b>(7,644,860)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,700,000</b>	<b>15,000</b>	<b>1,670,000</b>
<b>Excess of Revenues Over (Under) Expenditures &amp; Other Financing Sources</b>	<b>33,910</b>	<b>151,476</b>	<b>87,627</b>	<b>67,553</b>	<b>(134,657)</b>	<b>(51,759)</b>	<b>1,700,000</b>	<b>(15,315)</b>	<b>1,838,834</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,459,256</b>	<b>2,477,789</b>	<b>-</b>	<b>413,340</b>	<b>227,677</b>	<b>1,500,417</b>	<b>-</b>	<b>70,681</b>	<b>6,149,161</b>
<b>ENDING FUND BALANCE</b>									
Restricted	-	2,629,265	87,627	480,893	93,020	1,448,658	1,700,000	-	6,439,463
Assigned	-	-	-	-	-	-	-	55,366	55,366
Unassigned	1,493,166	-	-	-	-	-	-	-	1,493,166
<b>FUND BALANCE, June 30, 2018</b>	<b>\$ 1,493,166</b>	<b>\$ 2,629,265</b>	<b>\$ 87,627</b>	<b>\$ 480,893</b>	<b>\$ 93,020</b>	<b>\$ 1,448,658</b>	<b>\$ 1,700,000</b>	<b>\$ 55,366</b>	<b>\$ 7,987,995</b>



**DOUGLAS EDUCATION SERVICE DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2018

Net changes in fund balances - total governmental funds \$ 1,838,834

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Current Year Additions	\$	77,070	
Current Year Depreciation		<u>(160,277)</u>	
			<u>(83,207)</u>

Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as deferred revenue. However, these funds are recorded as revenue in the statement of activities. (2,399)

In statement of Activities, contributions for other postemployment benefits greater than the actuarially determined contribution amount increases the other post-employment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is amount by which net asset obligation increased: (58)

The net income of the internal service funds is reported with governmental activities (58,011)

Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds: (960,636)

Changes in net RHIA PERS liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds: 46,073

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases fund liabilities. Similarly, repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of Long-term Debt		(1,700,000)	
Debt principal repaid		136,583	

Change in Net Position - Governmental Activities \$ (782,820)

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Statement of Net Position - Proprietary Funds

June 30, 2018

	Business Type Activities Enterprise Funds		Governmental Activities
	Production Services Fund	Information Technology Fund	Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ -	\$ 51,730	\$ 1,346,286
Accounts Receivable	10,650	2,145	-
Inventory	20,951	-	-
Total Assets	<u>31,601</u>	<u>53,875</u>	<u>1,346,286</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	951	52	-
Due to Other Funds	48,968	-	-
Total Liabilities	<u>49,919</u>	<u>52</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted	20,951	-	-
Unrestricted	<u>(39,269)</u>	<u>53,823</u>	<u>1,346,286</u>
Total Net Position	<u>\$ (18,318)</u>	<u>\$ 53,823</u>	<u>\$ 1,346,286</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds

June 30, 2018

	Business Type Activities Enterprise Funds		Governmental Activities
	Production Services Fund	Information Technology Fund	Internal Service Funds
<b>REVENUES:</b>			
Rental Income	\$ 12,980	\$ -	\$ 125,002
Services Provided Other Funds	233,617	245,735	-
Miscellaneous Revenue	-	-	-
	<u>246,597</u>	<u>245,735</u>	<u>125,002</u>
<b>EXPENSES:</b>			
Operating:			
Fiscal Service	-	-	400
Internal Service	-	-	152,231
Printing, Publishing and Duplicating Services	-	-	48,820
Technology Services	252,572	-	11,562
	-	292,719	-
Total Operating Expenses	<u>252,572</u>	<u>292,719</u>	<u>213,013</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
GAAP Pension Adjustment	-	-	-
Total Nonoperating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss) Before Contributions and Transfers	(5,975)	(46,984)	(88,011)
Operating Transfers In	<u>-</u>	<u>-</u>	<u>30,000</u>
Change in Net Position	(5,975)	(46,984)	(58,011)
<b>NET POSITION</b>			
June 30, 2017	<u>(12,343)</u>	<u>100,807</u>	<u>1,404,297</u>
<b>NET POSITION</b>			
June 30, 2018	<u>\$ (18,318)</u>	<u>\$ 53,823</u>	<u>\$ 1,346,286</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**Statement of Cash Flows  
Proprietary Funds

For the Year Ended June 30, 2018

	Business Type Activities Enterprise Funds		Governmental Activities
	Production Services Fund	Information Technology Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received for Services and Other Revenues	\$ 252,515	\$ 244,980	\$ 155,002
Cash paid to Employees	(94,258)	(111,574)	-
Cash paid for Employee Benefits	(47,968)	(76,088)	(60,382)
Cash paid for Purchased Services	(53,593)	(1,672)	(400)
Cash paid for Supplies and Materials	(58,806)	(103,333)	(152,231)
Cash paid for Other Expenses	(577)	-	-
Net Cash Provided (Used) by Operating Activities	<u>(2,687)</u>	<u>(47,687)</u>	<u>(58,011)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers Out	2,687	-	-
Net Cash flows provided by (used in) Noncapital Financing Activities	<u>2,687</u>	<u>-</u>	<u>-</u>
<b>CASH AND INVESTMENTS, June 30, 2017</b>	<u>-</u>	<u>99,417</u>	<u>1,404,297</u>
<b>CASH AND INVESTMENTS, June 30, 2018</b>	<u>\$ -</u>	<u>\$ 51,730</u>	<u>\$ 1,346,286</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Net operating income	\$ (5,975)	\$ (46,984)	\$ (58,011)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Cash Flows reported in other categories:			
Depreciation Expense	-	-	-
Change in Assets and Liabilities:			
Receivables, net	4,112	(755)	-
Inventories	1,806	-	-
Accounts Payable	(2,630)	52	-
Pension Expense (Income)	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,687)</u>	<u>\$ (47,687)</u>	<u>\$ (58,011)</u>

## Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Douglas Education Service District (the District) is a municipal corporation governed by a separately elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent. As required by accounting principles generally accepted in the United States of America, 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. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District has no component units.

A. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include all the financial activities of the District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions, and (3) Capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Basis of Presentation (Cont'd)

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Separate fund financial statements are provided for governmental funds and internal service funds.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

Grants Fund - This fund is used to account for the expenditures and receipts of various state and federal grants along with other projects and special revenue.

Early Intervention Grant Fund - This fund is used to account for the Early Intervention Grant Funds received through State and Federal Sources.

Early Learning Hub Fund - Fund accounts for private sourced contributions and related expenditures.

Reimbursement Fund – This fund is to account for the revenues received from other districts for reimbursement of substitute's wages, business services contracted out to other districts, special education services and superintendent services to outside districts.

Debt Service PERS - The ESD Board authorized the bonding of a portion of the ESD's unfunded actuarial liability with the Oregon Public Employees Retirement System. An assessment on wages paid by each fund provides the revenue to repay the debt.

Capital Improvement Fund – This fund is to account for capital improvements for the district. Originally created to account for the remodel (leasehold improvements) of the library building owned by the City of Roseburg for ESD offices.

The District reports the following non-major governmental funds:

Facility Maintenance Fund – This fund is used for the eventual maintenance for parts of the facility that would require substantial resources. Departments may allocate transfers from their general fund budgets to this fund for future use.

The District reports the following Enterprise funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Basis of Presentation (Cont'd)

Production Services Fund - Provides a full-service print shop, operated on a cost recovery basis.

Information Technology Fund – Provides information technology to the school districts that the ESD serves.

The District reports the following internal service funds:

Early Retirement Fund - An early retirement plan was adopted by the ESD Board in the 1984 calendar year. On April 18, 2002, the plan was discontinued for new hires. In the collective bargaining agreement with DESD, the plan phased out with specific benefits outlined for existing employees. This fund is established to fund the liability for these benefits. The revenues are provided by assessments to wage accounts.

Unemployment Reserve Fund - This fund accounts for revenues and expenditures for unemployment insurance claims paid to the State of Oregon. The revenues are provided by assessments to wage accounts.

Computer Replacement Fund - This fund accounts for revenue and expenditures related to replacement of technology equipment. The revenues are provided by assessments to other funds.

Facility Reserve Fund – This fund account for revenues and expenditures related to the facility. The revenues are provided by assessments to other funds.

PERS Reserve Fund – This fund is used to offset higher anticipated PERS rates in the future. Monies are transferred to this fund after the required minimum reserve has been met in the PERS Bond Fund.

Government-Wide Financial Statements - The government-wide financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*, as is the proprietary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 grantor or provider have been met. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

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

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Under this method of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenue available if collected within 60 days after year end.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Expenditures are recorded when the related fund liability is incurred, except for expenditures for principal and interest on long-term debt which is recognized when due, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Delinquent property taxes and property taxes for which there is an enforceable legal claim which are not collected within 60 days of the fiscal year end, have been recorded as deferred revenue.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Cash and Investments

The District's cash and investments include amounts in demand deposits, certificates of deposit, savings accounts, secured market deposit accounts and the State Pool. The District's cash management policies are governed by state statutes which authorize the District to invest in bankers' acceptances, time certificates of deposit, re-purchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. The Local Government Investment Pool is included in the Oregon Short Term Fund which was established by the State Treasurer. The Oregon Short Term Board and the Oregon Investment Council regulate OSTF investments (ORS 294.805-294.895). Cash is stated at cost while investments are stated at fair market value.

D. Property Taxes Receivable

Property taxes receivable which has been collected within sixty days subsequent to the year-end are considered measurable and available and are therefore recognized as revenue in the fund statements. All other property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue in the fund statements. Both real and personal property taxes attach as an enforceable lien on property as of July 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15, or February 15. Taxes unpaid and outstanding after May 15 are considered delinquent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Property Taxes Receivable (Cont'd)

Uncollected property taxes are deemed to be substantially collectible or recoverable through liens, therefore, no provision for uncollectibles has been made in the government-wide financial statements.

E. Receivables

Accounts receivable represent federal and state grants and entitlements, as well as various miscellaneous fees and refunds. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectibles has been made.

F. Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues.

G. Inventory

Inventories of supplies and materials in the governmental funds are stated at cost. Inventory items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method).

H. Capital Assets

Capital assets which include land and improvements, buildings and improvements, vehicles, furniture, and equipment, are reported in the government-wide financial statements.

Print Shop Equipment	25 years
Buildings and Improvements	50 years
Office Equipment	5 years
Vehicle	5 years

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of the donation.

The costs of normal 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 estimated useful lives:

Proceeds from sales of capital assets are recorded as revenue in the fund originally financing the purchase if identifiable; if not, then the revenue is recorded in the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Retirement Plan

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenses/expenditures as funded. GASB Statements 68 and 71 have been implemented as of July 1, 2015.

J. Post-Employment Health Care Benefits

Eligible employees who elect early retirement are entitled to participate in the District's group medical insurance plan. Eligible employees in the early retirement plan have a portion of such costs paid by the District.

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long-term liabilities for vested or accumulated vacation leave, compensatory time, and retirement benefits are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Fund Balance & Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures for the reporting period. Actual results may differ from those estimates.

2. BUDGETS

Operating budgets are adopted each year for the General and Special Revenue Funds on a modified accrual basis of accounting, consistent with Oregon Budget Laws.

The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations for a proposed budget are developed through early spring with the budget committee approving the budget in late spring. Public notices of the budget committee meetings and budget hearing are published generally in late spring with a public hearing being held within 25 days. The budget is adopted, appropriations are made and the tax levy declared no later than June 30 of each year.

The resolution making appropriations for each fund is enacted in the major program areas of instruction, support services, community and enterprise services, interagency fund transactions, debt service and contingency. Under State law, the appropriation levels become the legal spending control levels for District operations, and, therefore, no greater expenditure of public money may be made for any purpose other than that for which it was appropriated except where specifically provided by statute. Management may, however, make line item changes at any time within appropriation categories without formal action. If, during the year, the District receives unanticipated revenues that cannot be spent without budget authorization, a supplemental budget is prepared to authorize the spending of the additional revenues. Original and supplemental budgets may be modified by the use of appropriation transfers made within a given fund or from the General Fund to another fund when authorized by Board resolution. The budget data reflected in the combined financial statements and the individual fund financial statements reflect the effects of such approved transfers. All annual appropriations lapse at fiscal year-end.

3. CASH & INVESTMENTS

Cash Deposits

Cash Deposits

Deposits with Financial Institutes	\$6,262,597
Cash in State Pool	414,223
	<u>\$6,676,820</u>

The District's cash management policies are governed by state statutes. Statutes authorize the District to invest in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The District's cash management policies are governed by state statutes. Statutes authorize the District to invest in bankers' acceptances, time certificates of deposit, repurchase agreements and obligations of the United States and its agencies and instrumentalities.

3. CASH & INVESTMENTS (Cont'd)

Deposits in excess of \$250,000 are covered by Oregon Revised Statute Chapter 295 which require the depository institution to maintain on deposit securities having a value sufficient to cover all public funds in their institution and must apply and be approved by the State of Oregon. Wells Fargo Bank, NA is an approved financial institution and as such, at June 30, 2018 the District was in compliance.

Investments

The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation and does not receive credit quality ratings from nationally recognized statistical rating organizations. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the Oregon Short Term Fund Board. The Governor appoints the members of the Oregon Investment Council and the Oregon Short Term Fund Board. The OSTF financial statements are available at <http://www.ost.state.or.us/>. The fair value of the District's deposit with the LGIP approximates the cost.

The Local Government Investment Pool is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. The Oregon Short Term Fund Board and the Oregon Investment Council regulate OSTF investments (ORS 294.805 to 294.895).

The District has no formal investment policy to deal with the interest rate risk and credit risk. In practice, the District has limited the investments in the LGIP and Certificates of Deposits that mature within one year.

*Credit Risk.* The LGIP's portfolio concentration of credit risk at June 30, 2018 included:

U.S. Government & Agency securities	25.16%
Municipal Government securities	3.04%
Non-U.S. Government debt	6.97%
Corporate Commercial Paper	4.36%
Corporate obligations	42.93%
Asset-backed securities	13.82%
Certificates of Deposits	3.66%
Cash in Banks	0.06%

*Interest Rate Risk.* While the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, it has historically invested only in the LGIP.

LGIP investments as of June 30, 2018:

mature within 93 days	60.58%
mature within 94 days to one year	20.54%
mature one year and beyond	18.88%

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2018

4. CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2018 follows:

	<u>July 01, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
<u>Governmental Activities</u>				
Assets Not Being Depreciated:				
Land	\$ 51,996	\$ -	\$ -	\$ 51,996
Assets Being Depreciated:				
Vehicles	108,507	77,070	(30,713)	154,864
Buildings & Improvements	1,307,876			1,307,876
Equipment	675,449			675,449
Total Depreciable Assets	2,091,832	77,070	(30,713)	2,138,189
Depreciation				
Vehicles	(99,435)	(71,066)	30,713	(139,788)
Building Improvements	(855,449)	(35,022)		(890,471)
Equipment	(556,058)	(54,189)		(610,247)
Total Depreciation	(1,510,942)	(160,277)	30,713	(1,640,506)
Net Value of Capital Assets				-
Being Depreciated	580,890	(83,207)	-	497,683
Total Governmental Activities				
Net Value of Capital Assets	<u>\$ 632,886</u>	<u>\$ (83,207)</u>	<u>\$ -</u>	<u>\$ 549,679</u>

5. LONG-TERM DEBT

Pension bonds - issued April 2003, due in installments of \$166,131 to \$682,824, including interest paid at 1.5% to 6.27% through 2028	<u>Issue</u>	<u>June 30, 2018</u>
	<u>\$4,597,617</u>	<u>\$ 3,076,640</u>

The District paid \$444,411 in the fiscal year ending June 30, 2018. The payment included interest of \$319,437 and principal of \$124,974.

The pension bonds will be paid from revenues in the debt service fund generated by charges to other funds.

Douglas Education Service District

Notes to  
Financial Statements

at

June 30, 2018

5. LONG-TERM DEBT (Cont'd)

Future maturities for the pension bonds are as follows:

Governmental Activities

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 125,321	\$ 344,090	\$ 469,411
2020	123,539	365,871	489,410
2021	123,056	391,354	514,410
2022	122,544	416,867	539,411
2023	122,180	442,231	564,411
2024-2028	2,460,000	408,075	2,868,075
Total	<u>\$ 3,076,640</u>	<u>\$ 2,368,488</u>	<u>\$ 5,445,128</u>

	<u>Original Issue</u>	<u>Outstanding June 30, 2018</u>
Long Term Note Payable for Remodel of Library - issued April 2018, due in installments of \$12,625.11, including interest paid at 4% through 2033	<u>\$ 1,700,000</u>	<u>\$ 1,686,248</u>

Future Maturities for the loan to remodel the library building are as follows:

Governmental Activities

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 84,672	\$ 66,829	\$ 151,501
2020	87,997	63,504	151,501
2021	91,806	59,695	151,501
2022	95,600	55,902	151,501
2023	99,550	51,952	151,501
2024-2028	562,720	194,786	757,507
2029-2033	663,902	68,354	732,256
Total	<u>\$ 1,686,248</u>	<u>\$ 561,021</u>	<u>\$ 2,247,269</u>

6. PENSION PLAN

General Information about the Pension Plan

**Plan Description**

Employees of the district are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/section/financialreports/fmancials.aspx>.

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2018

5. LONG-TERM DEBT (Cont'd)

Future maturities for the pension bonds are as follows:

Governmental Activities

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	125,321	344,090	\$ 469,411
2020	123,539	365,871	489,410
2021	123,056	391,354	514,410
2022	122,544	416,867	539,411
2023	122,180	442,231	564,411
2024-2028	2,460,000	408,075	2,868,075
Total	<u>\$3,076,640</u>	<u>\$2,368,488</u>	<u>\$5,445,128</u>

	<u>Original Issue</u>	<u>Outstanding June 30, 2018</u>
Long Term Note Payable for Remodel of Library - issued April 2018, due in installments of \$12,625.11, including interest paid at 4% through 2033	<u>\$1,700,000</u>	<u>\$ 1,686,248</u>

Future Maturities for the loan to remodel the library building are as follows:

Governmental Activities

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	84,672	66,829	\$ 151,501
2020	87,997	63,504	151,501
2021	91,806	59,695	151,501
2022	95,600	55,902	151,501
2023	99,550	51,952	151,501
2024-2028	562,720	194,786	757,507
2029-2033	663,902	68,354	732,256
Total	<u>\$1,686,248</u>	<u>\$ 561,021</u>	<u>\$2,247,269</u>

6. PENSION PLAN

General Information about the Pension Plan

**Plan Description**

Employees of the district are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/section/financialreports/financials.aspx>.



6. PENSION PLAN (Cont'd)

**Benefits Provided**

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

**Pension Benefits**

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**Death Benefits**

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

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

**Disability Benefits**

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

**Benefit Changes**

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

6. PENSION PLAN (Cont'd)

2. **OPSRP Pension Program (OPSRP DB) (Con't)**

**Pension Benefits**

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

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

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

**Death Benefits**

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

**Disability Benefits**

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

**Benefit Changes After Retirement**

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. **OPSRP Individual Account Program (OPSRP IAP)**

**Pension Benefits**

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

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment

6. PENSION PLAN (Cont'd)

3. **OPSRP Pension Program (OPSRP IAP) (Con't)**

or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

**Death Benefits**

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

**Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2018 were \$2,214,942, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 22.18 percent for Tier One/Tier Two General Service Member, 16.85 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2018, the district reported a liability of \$15,651,102 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The district's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the district's proportion was 0.1161 percent, which was decreased from its proportion of 0.1241 measured as of June 30, 2016.

For the year ended June 30, 2018, the district's recognized pension expense of \$ 960,636. At June 30, 2018, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

6. PENSION PLAN (Cont'd)

3. **OPSRP Individual Account Program (OPSRP IAP) (Cont'd)**

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	\$ 756,894	\$ -
Changes of assumptions	2,852,917	-
Net difference between projected and actual earnings on investments	161,243	-
Changes in proportion	-	853,101
Difference between employer contributions and proportionate share of contributions	104,871	86,959
Total( prior to post-MD contributions)	3,875,925	940,060
Contributions subsequent to the MD	2,214,942	
Total	<u>\$ 6,090,867</u>	<u>\$ 940,060</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows	Deferred Inflows
Amortization Period	Amortization Period
FY2019 \$ 504,542	FY2019 \$ -
FY2020 1,776,058	FY2020 -
FY2021 1,157,524	FY2021 -
FY2022 -	FY2022 494,975
FY2023 -	FY2023 7,285
<u>\$ 3,438,125</u>	<u>\$ 502,260</u>

**Actuarial Assumptions**

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

6. PENSION PLAN (Cont'd)

**Actuarial Assumptions (Cont'd)**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, published September 23, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets
Inflation Rate	2.5 Percent
Long-term expected rate of return	7.5 Percent
Discount Rate	7.5 percent
Projected Salary Increases	3.50 percent
Cost of Living Adjustments (COLA)	Blend of 2.0 percent COLA and grade COLA (1.25 percent/0.15 percent) in accordance with MORO decision, blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct table, generational per Scale BB, disabled mortality table.</p>

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

6. PENSION PLAN (Cont'd)

**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.

<u>Asset Class/ Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

6. PENSION PLAN (Cont'd)

**Long-term Expected Rate of Return (Con't)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return ( Geometric )</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Intermediate - Term Bonds	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large Cap US Equities	15.75%	6.70%
Mid Cap US Equities	1.31%	6.99%
Small Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non- US Small Cap Entities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge fund of Funds	2.50%	4.64%
Hedge fund of Funds- Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	<u>100%</u>	
Assumed Inflation - Mean		2.50%

**Depletion Date Projection**

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

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

6. PENSION PLAN (Cont'd)

**Depletion Date Projection**

- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability ( asset)	\$ 26,672,335	\$ 15,651,102	\$ 6,435,310

**Pension Plan Fiduciary Net Position**

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

**Changes in Plan Provisions During the Measurement Period**

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.



6. PENSION PLAN (Cont'd)

**Changes in Plan Provisions During the Measurement Period Con't)**

OPERS members who have accrued benefits before and after the effective periods of the 2013 legislation will have a blended COLA rate when they retire.

This change in benefit terms were reflected in the current valuation.

**Changes in Plan Provisions Subsequent to Measurement Date**

There were no changes subsequent to the June 30, 2017 measurement date.

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75)

**Plan Description:**

As a member of Oregon Public Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy:**

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

At June 30, 2018, the District reported a net OPEB liability of \$38,919 for its proportionate share of the net OPEB liability. The OPEB liability was measured as of June 30, 2017, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2015. Consistent with GASB Statement No. 75, paragraph 59(a), the District's

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2018

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2017, the District's proportion was 0.0933 percent. OPEB expense for the year ended June 30, 2018 was \$46,073.

**Components of OPEB Expense/(Income):**

Employer's proportionate share of collective system OPEB Expense/Income	\$ 209
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share	146
-Differences between employer contributions and employer's proportionate share of system contributions	-
Employer's Total OPEB Expense/(Income)	<u>\$ 355</u>

**Components of Deferred Outflows/Inflows of Resources:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	18,025
Changes in proportion	396	-
Difference between employer contributions and proportionate share of contributions	-	-
Total (prior to post-MD contributions)	<u>396</u>	<u>18,025</u>
Contributions subsequent to the MD	<u>-</u>	<u>-</u>
Total	<u>\$ 396</u>	<u>\$ 18,025</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2019.

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

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

<u>Year ending June 30</u>	<u>Amount</u>
2019	\$ (4,360)
2020	(4,360)
2021	(4,402)
2022	(4,506)
2023	-
Thereafter	-
Total	<u>\$ (17,629)</u>

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

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

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5 Percent
Investment Rate of Return	7.5 Percent
Discount Rate	7.5 Percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree healthcare participation	Healthy retirees: 38% Disabled Retirees: 20%
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct table, generational per Scale BB, disabled mortality table.</p>

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

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

**Discount Rate:**

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

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumption 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.

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2018

6a. OTHER POST EMPLOYMENT BENEFITS RHIA (GASB 75) (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return ( Geometric )</u>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event Driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	<u>1.88%</u>	<u>4.58%</u>
Total	<u>100%</u>	

Assumed Inflation - Mean 2.50%

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate - The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% increase (8.5%)</u>
District's proportionate share of the net RHIA liability ( asset)	\$ 5,425	\$(38,919)	\$(76,636)

**Changes Subsequent to the Measurement Date**

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

7. OTHER POST-EMPLOYMENT BENEFITS (OPEBs)

Early Retirement

*Funding Policy* - The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The Early Retirement Fund also accounts for resources and payment of post-employment health care benefits for early retirees.

Post-Employment Health Care Benefits

*Plan Description* - The District, as a result of collective bargaining agreements, offers post-employment health care benefits for all employees who have completed 10 years of continuous service and are between age 58 and 65, are eligible for full PERS benefits, and elected to retire prior to December 31, 2005.

For these retirees, benefits are fully paid by the District and are available until the retiree is eligible for Medicare.

Effective January 1, 2006, the District's retiree insurance became \$300 per month for major medical coverage. The amount contributed by the District increased by the same percentage as the District's contribution toward regular bargaining unit employees' insurance premiums, up to a maximum of 5% on each insurance anniversary date.

*Contributions* - Contributions are financed by a transfer from the General Fund. Transfers to the Early Retirement Fund in fiscal years 2018 and 2017 were \$0 and \$0, respectively. Expenditures are recorded in the Early Retirement Fund on the pay-as-you-go basis. The cost of these benefits in fiscal years 2018 and 2017 amounted to approximately \$11,562 and \$18,850, respectively.

Post-Employment Health Insurance Subsidy

The District implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (OPEB) for the fiscal year ended June 30, 2010. This implementation allows the District to report its liability for other post-Employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

*Plan Description* - The District operates a single-employer retiree benefit plan that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. There are 15 total active members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

*Funding Policy* - The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Douglas Education Service District

Notes to

Financial Statements

at

June 30, 2018

7. OTHER POST-EMPLOYMENT BENEFITS (OPEBs) (Cont'd)

*Annual OPEB Cost and Net OPEB Asset* - The District's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	2018	2017	2016	2015
Actual Contribution	\$ -	\$ -	\$ 5,225	\$ 118,711
Actual Expense	(11,562)	(18,850)	(29,833)	(45,709)
Excess Contribution	(11,562)	(18,850)	(24,608)	73,002
Annual Required Contribution	1,369	4,353	97,239	97,239
Actual Expense	(11,562)	(18,850)	(29,833)	(45,709)
Net Annual OPEB (ARC-Actual Expense)	10,193	14,497	67,406	(51,530)
Net Increase in OPEB Asset	(1,369)	(4,353)	(92,014)	21,472
Net Assets at Beginning of Year	208,686	213,039	305,053	283,581
	<u>\$ 207,317</u>	<u>\$ 208,686</u>	<u>\$ 213,039</u>	<u>\$ 305,053</u>

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2018 and 2017, were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Prior Year and Current Year Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2015	\$ 97,239	\$ 118,711	122%	\$ 305,053
2016	\$ 97,239	\$ 5,225	5%	\$ 213,039
2017	\$ 4,353	\$ -	0%	\$ 208,686
2018	\$ 1,369	\$ -	0%	\$ 207,317

*Actuarial Methods and Assumptions.* The actuarial cost method used to determine the cost and liabilities for this plan was the aggregate cost method. Under this method, the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants in such a way that annual costs are expected to remain level.

In the June 30, 2010 actuarial valuation, (the last actuarial valuation performed) the entry age actuarial cost method was used. It is not deemed necessary to continue to have the actuarial valuation completed each year due to the cost to benefit valuation of the information it would provide compared to the current method of having the District's CFO perform the calculation. The original actuarial assumptions included a discount rate of 1% and a 100% assumption of participants who elect medical coverage at retirement. They also assume medical and prescription drug costs would increase at 5% inflation for the current year, and future years. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

8. CLAIMS AND LITIGATION

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

Management has represented that here are no contingent liabilities that require disclosure or recognition in accordance with FASB Statement No. 5. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

9. RISK

To reduce the risk of loss from liability, fire, theft, accident, medical costs, errors and omissions, the District maintains various commercial insurance. No settlements exceeded insurance coverage in each of the three preceding years.

10. INTERFUND TRANSFERS

The following is a summary of interfund transfers reported in the fund financial statements:

	<u>INTERFUND</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 45,000
Grants Project Fund	7,644,860	-
Early Intervention Fund	-	7,644,860
Reimbursement Fund	-	-
Facility Maintenance Fund	15,000	-
Unemployment Fund	-	-
Facility Reserve Fund	30,000	-
	<u>\$ 7,689,860</u>	<u>\$ 7,689,860</u>

The transfers between funds were operational in nature.

11. GASB STATEMENT NO. 54

GASB Statement 54 requires analysis and presentation of fund balance in five categories. The fund balance categories are:

- Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.
- Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- Committed – Includes items committed by the District's Board of Education, by formal board action.
- Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Director of Finance Operations.
- Unassigned – This is the residual classification used for those balances not assigned to another company.



# Douglas Education Service District

Notes to  
Financial Statements

at

June 30, 2018

## 11. GASB STATEMENT NO. 54 (Cont'd)

Below is a schedule of ending fund balance, based on GASB Statement No. 54

	General Fund	Grant Fund	Early Intervention Fund	Early Learning Fund	Reimbursement Fund	Debt Service Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>									
<b>Restricted:</b>									
Grant Fund	\$ -	\$ 2,629,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,629,265
Early Learning	-	-	87,627	480,893	-	-	-	-	568,520
Reimbursement	-	-	-	-	93,020	-	-	-	93,020
Debt Service Fund	-	-	-	-	-	1,448,658	-	-	1,448,658
Capital Improvement Fund	-	-	-	-	-	-	1,700,000	-	1,700,000
	-	2,629,265	87,627	480,893	93,020	1,448,658	1,700,000	-	6,439,463
<b>Assigned to:</b>									
Facility Maintenance Fund	-	-	-	-	-	-	-	55,366	55,366
	-	-	-	-	-	-	-	55,366	55,366
<b>Unassigned:</b>	1,493,166	-	-	-	-	-	-	-	1,493,166
<b>Total Fund Balances</b>	<u>\$ 1,493,166</u>	<u>\$ 2,629,265</u>	<u>\$ 87,627</u>	<u>\$ 480,893</u>	<u>\$ 93,020</u>	<u>\$ 1,448,658</u>	<u>\$ 1,700,000</u>	<u>\$ 55,366</u>	<u>\$ 7,987,995</u>

GASB 54 implementation required Board approved action to authorize commitments of fund balance. There were no commitments made for the last fiscal year.

The Board of Education also authorized the Superintendent and the Business Manager to make assignments of ending fund balance. Assignments of fund balance can be done at any time, including after the fiscal year-end date.

Finally, GASB 54 requires a spending policy, as it related to ending fund balance. The spending policy states in what order fund balance categories are spent. The Board of Education approved the following fund balance order of spending policy:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

## 12. TAX ABATEMENT (GASB 77)

Douglas County, Oregon has entered into tax abatement programs with businesses that operate and/or own property within the country. These programs reduce the amount of property taxes assessed and it results in Douglas Education Service District not receiving \$22,975 in property tax revenue for 2017-18. However, the District's tax decrease from property tax abatement is offset with an increase from state school support effectively making a zero-net effect in funding.

## 13. FUND BALANCE

The production service fund had a negative fund balance of \$18,318.

14. PRIOR PERIOD RESTATEMENT - GASB 75

Due to additional reporting made available by the State of Oregon PERS regarding Retiree Healthcare Insurance Account assets and liabilities, a prior period adjustment to beginning Net Position of (\$24,783) to recognize the prior proportionate share of the PERS GASB 75 Net Pension Liability.

15. OVER EXPENDITURES OF APPROPRIATIONS

The District overspent its appropriation in the following funds:

	<u>Actual</u>	<u>Appropriation</u>	<u>Over</u>
General Fund			
Support Services	\$ 5,199,669	\$ 5,179,093	\$ 20,576
Special Revenue Funds			
Instruction	\$ 8,094,672	\$ 8,041,319	\$ 53,353

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 7, 2018 the date on which the financial statements were available to be issued. The District is expected to make expenditure of approximately \$1,700,000 to renovate the Library building. The loan and proceeds were secure in the 2017-18 fiscal year. No other subsequent events were noted.

**Required Supplementary Information**

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Budgetary Comparison Schedule for the General Fund

For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES:</b>				
Local Sources:				
Tax Levy-Current Year & Offsets	\$ 4,090,718	\$ 4,001,918	\$ 4,001,918	\$ 88,800
Tax Levy-Prior Years	170,926	220,000	220,000	(49,074)
Tax Levy-Property Sales/TaxLein	15,807	-	-	15,807
Payments in Lieu of Property Taxes	27,661	12,000	12,000	15,661
Earnings on Investments	64,569	40,000	40,000	24,569
Services Provided Other Districts	13,698	14,000	14,000	(302)
Recovery of Prior Year Expenditures	16,131	-	-	16,131
Fees Charged to Grants	750,704	610,000	610,000	140,704
Miscellaneous	17,690	13,000	13,000	4,690
Total Local Sources	<u>5,167,903</u>	<u>4,910,918</u>	<u>4,910,918</u>	<u>256,985</u>
State Sources:				
State School Fund-General Support	1,920,598	1,529,406	1,529,406	391,192
Total State Sources	<u>1,920,598</u>	<u>1,529,406</u>	<u>1,529,406</u>	<u>391,192</u>
Total Revenues	<u>7,088,501</u>	<u>6,440,324</u>	<u>6,440,324</u>	<u>648,177</u>
<b>EXPENDITURES: Schedule C-2</b>	<u>7,009,591</u>	<u>6,205,614</u>	<u>6,180,363</u>	<u>829,228</u>
Excess of Revenues Over (Under) Expenditures	78,910	234,710	259,961	(181,051)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	-	130,000	130,000	(130,000)
Operating Transfer Out	(45,000)	(45,000)	(45,000)	-
Total Other Financing Sources	<u>(45,000)</u>	<u>85,000</u>	<u>85,000</u>	<u>(130,000)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	33,910	319,710	344,961	(311,051)
<b>FUND BALANCE, June 30 2017</b>	<u>1,459,256</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>209,256</u>
<b>FUND BALANCE, June 30, 2018</b>	<u>\$ 1,493,166</u>	<u>\$ 1,569,710</u>	<u>\$ 1,594,961</u>	<u>\$ (101,795)</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

**Budgetary Comparison of General Fund Expenditures  
For the Year Ended June 30, 2018**

	<u>Salaries</u>	<u>Employees Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
<b>INSTRUCTION:</b>				
Regular Programs:				
Learning Centers-Galaxy House Students	\$ 184,667	\$ 100,958	\$ 5,202	\$ 1,264
Early Intervention	200,112	97,615	19,881	5,263
Total Instruction	<u>384,778</u>	<u>198,573</u>	<u>25,083</u>	<u>6,527</u>
<b>SUPPORT SERVICES:</b>				
Students:				
Nursing Services	149,771	41,783	13,646	371
Psychological Testing Services	8,259	7,297	(14)	-
Speech Pathology Services	1,241,359	588,495	419,124	11,284
Other Speech Pathology and Audiology Services	13,380	4,000	-	-
Other Student Treatment Services	92,622	50,863	74,483	1,325
Service Direction, Student Support Services	80,826	38,205	9,895	2,161
Total Students	<u>1,586,218</u>	<u>730,643</u>	<u>517,135</u>	<u>15,142</u>
Instructional Staff:				
Improvement of Instruction Services	6,131	3,923	51,041	6,573
Service Area Direction	154,425	69,092	15,230	1,857
Educational Services - Other	-	-	15,647	3,823
Educational Media Services	-	-	8	194
Total Instructional Staff	<u>160,556</u>	<u>73,014</u>	<u>81,926</u>	<u>12,446</u>
General Administration:				
Board of Education Services	-	-	32,322	7,024
Office of the Superintendent	177,011	88,795	25,016	7,588
Total General Administration	<u>177,011</u>	<u>88,795</u>	<u>57,338</u>	<u>14,612</u>
Business:				
Direction of Business Support Services	-	-	-	-
Fiscal Services	260,945	126,894	82,209	5,480
Operations and Maintenance of Plant Services	42,288	9,251	73,075	10,046
Warehousing and Distributing Services	9,049	3,010	4,001	10
Total Business	<u>312,282</u>	<u>139,154</u>	<u>159,285</u>	<u>15,536</u>
Central Activities:				
Information Technology	39,953	20,717	8,240	90
Staff Services	251,506	120,449	17,701	36,459
Technology Services	110,907	62,862	141,029	173,022
Other Support Services-Central	-	-	508	6,738
Total Central Activities	<u>402,365</u>	<u>204,028</u>	<u>167,479</u>	<u>216,309</u>
Total Supporting Services	<u>2,638,432</u>	<u>1,235,635</u>	<u>983,163</u>	<u>274,045</u>
Other Financing Sources and (Uses)				
Reserved for Next Year	-	-	-	-
Debt Reduction - Principle	-	-	-	-
Debt Reduction - Interest	-	-	-	-
Apportionment of Funds by ESD	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CONTINGENCIES:</b>				
Operating Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 3,023,210</b></u>	<u><b>\$ 1,434,208</b></u>	<u><b>\$ 1,008,247</b></u>	<u><b>\$ 280,572</b></u>

(1) Level of Budget Appropriation

Other	Transfers	Total Actual	Original Budget	Final Budget	Over (Under) Budget
\$ -	-	\$ 292,091			
-	-	322,871			
-	-	614,962	\$ 562,269	\$ 712,269 (1)	\$ (97,308)
-	-	205,572			
-	-	15,543			
3,769	-	2,264,031			
-	-	17,380			
-	-	219,294			
2,253	-	133,341			
6,022	-	2,855,160			
-	-	67,667			
5,502	-	246,106			
-	-	19,470			
-	-	201			
5,502	-	333,445			
8,643	-	47,989			
12,176	-	310,586			
20,819	-	358,575			
-	-	-			
12,436	-	487,963			
18,450	-	153,111			
-	-	16,070			
30,886	-	657,144			
196	-	69,196			
4,628	-	430,743			
-	-	487,820			
341	-	7,587			
5,165	-	995,346			
68,395	-	5,199,669	5,154,344	5,179,093	20,576
-	-	-			
13,752	-	13,752			
11,498	-	11,498			
-	1,169,710	1,169,710			
25,250	1,169,710	1,194,960	1,214,710	1,239,961	(45,001)
-	-	-	489,001	289,001	(289,001)
\$ 93,645	\$ 1,169,710	\$ 7,009,591	\$ 6,205,614	\$ 6,180,363	\$ 829,228

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Budgetary Comparison Schedule for the Grants Fund

For the Year Ended June 30, 2018

	Actual	Original Budget	Final Budget	Over (Under) Budget
<b>REVENUES:</b>				
Local Sources:				
Tuition from Individuals	\$ 90,890	\$ 94,700	\$ 94,700	\$ (3,810)
Contributions from Donations & Private Sources	245,787	186,800	186,800	58,987
Services Provided Other Local Education Agencies	930,868	700,303	700,303	230,565
Miscellaneous Income	395,427	241,513	241,513	153,915
Total Local Sources	<u>1,662,971</u>	<u>1,223,315</u>	<u>1,223,315</u>	<u>439,656</u>
Intermediate Sources:				
Other Intermediate Sources	441,350	341,570	341,570	99,780
Restricted Revenue	13,060	14,000	14,000	(940)
Total Intermediate Sources	<u>454,410</u>	<u>355,570</u>	<u>355,570</u>	<u>98,840</u>
State Sources:				
Unrestricted Grants-In-Aid	27,000			
Other Restricted Grants In-aid	571,388			
Total State Sources	<u>598,388</u>	<u>754,364</u>	<u>754,364</u>	<u>(155,976)</u>
Federal Sources:				
Restricted Revenue From the Federal Government Through the State	541,009			
Total Federal Sources	<u>541,009</u>	<u>482,298</u>	<u>482,298</u>	<u>58,711</u>
Total Revenues	<u>3,256,779</u>	<u>2,815,548</u>	<u>2,815,548</u>	<u>441,232</u>
<b>EXPENDITURES: Schedule C-4</b>	<u>10,750,163</u>	<u>12,038,998</u>	<u>12,038,998</u>	<u>(1,288,835)</u>
Excess of Revenues Over (Under) Expenditures	(7,493,384)	(9,223,451)	(9,223,451)	1,730,067
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer In	7,644,860	7,405,624	7,405,624	239,236
Operating Transfer (Out)	-	(150,000)	(150,000)	150,000
Total Other Financing Sources	<u>7,644,860</u>	<u>7,255,624</u>	<u>7,255,624</u>	<u>389,236</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	151,476	(1,967,827)	(1,967,827)	2,119,303
<b>FUND BALANCE, June 30 2017</b>	<u>2,477,789</u>	<u>1,967,827</u>	<u>1,967,827</u>	<u>509,962</u>
<b>FUND BALANCE, June 30, 2018</b>	<u>\$ 2,629,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,629,265</u>
(1) Level of Budget Appropriation				

**DOUGLAS EDUCATION SERVICE DISTRICT****Budgetary Comparison of Grants Fund Expenditures****For the Year Ended June 30, 2018**

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
<b>INSTRUCTION:</b>				
Special Programs:				
Early Intervention	\$ 3,942,322	\$ 1,970,945	\$ 851,293	\$ 93,782
Alternative Education	163,084	99,719	9,756	2,345
Designated Programs	99,714	51,808	1,894	2,550
Total Instruction	<u>4,205,120</u>	<u>2,122,472</u>	<u>862,944</u>	<u>98,677</u>
<b>SUPPORT SERVICES:</b>				
Students:				
Guidance Services	94,144	50,931	40,018	7,276
Other Student Treatment Service	585,620	295,602	12,395	-
Service Direction	203,465	93,501	2,544	-
Total Students	<u>883,229</u>	<u>440,035</u>	<u>54,957</u>	<u>7,276</u>
Instructional Staff:				
Improvement of Instruction Services	59,851	25,466	187,420	81,427
Educational Media Services	-	-	-	-
Assessment and Testing	36,727	10,701	1,338	-
Instructional Staff Development	208,513	83,460	113,699	20,272
Total Instructional Staff	<u>305,091</u>	<u>119,626</u>	<u>302,457</u>	<u>101,699</u>
Business & Operations:				
Operations & Maintenance	51,181	29,324	1,795	-
Total Business	<u>51,181</u>	<u>29,324</u>	<u>1,795</u>	<u>-</u>
Central Activities:				
Information Services	11,884	7,774	342	-
Total Central Activities	<u>11,884</u>	<u>7,774</u>	<u>342</u>	<u>-</u>
Total Support Services	<u>1,251,384</u>	<u>596,759</u>	<u>359,551</u>	<u>108,975</u>
<b>ENTERPRISE &amp; COMMUNITY SERVICES:</b>				
Community Services	<u>127,810</u>	<u>44,205</u>	<u>79,802</u>	<u>23,571</u>
Planned Reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 5,584,314</u>	<u>\$ 2,763,436</u>	<u>\$ 1,302,297</u>	<u>\$ 231,223</u>

**(1) Level of Budget Appropriation**



Capital Outlay	Other Objects	Total Actual	Original Budget	Final Budget	Over (Under) Budget
\$ 58,573	\$ 708,407	\$7,625,323			
-	24,471	299,376			
-	14,008	169,974			
<u>58,573</u>	<u>746,886</u>	<u>8,094,672</u>	<u>\$ 8,041,319</u>	<u>\$ 8,041,319</u>	<u>(1) \$ 53,354</u>
-	16,433	208,803			
-	263	893,881			
-	-	299,510			
<u>-</u>	<u>16,696</u>	<u>1,402,193</u>			
-	12,128	366,291			
-	-	-			
-	-	48,766			
-	28,820	454,764			
<u>-</u>	<u>40,948</u>	<u>869,821</u>			
-	-	82,299			
<u>-</u>	<u>-</u>	<u>82,299</u>			
-	-	20,000			
<u>-</u>	<u>-</u>	<u>20,000</u>			
-	57,644	2,374,313	2,468,884	2,468,884	(1) (94,571)
-	5,789	281,177	461,349	461,349	(1) (180,172)
-	-	-	1,067,446	1,067,446	(1) (1,067,446)
<u>\$ 58,573</u>	<u>\$ 810,319</u>	<u>\$ 10,750,163</u>	<u>\$ 12,038,998</u>	<u>\$ 12,038,998</u>	<u>\$ (1,288,835)</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

**Budgetary Comparison for the Early Intervention Hub Fund**

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

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Other Objects</u>
<b>REVENUES:</b>					
<b>State Sources:</b>					
Restricted Grants In-aid:					
EI/ECSE State					
Total State Sources					
<b>Federal Sources:</b>					
Restricted Through the State					
from Federal Government					
EI/ECSE Federal					
Total Federal Sources					
<b>TOTAL REVENUES</b>					
<b>EXPENDITURES:</b>					
Support Services:					
Instructional Staff:					
Improvement of Instructional Staff	<u>\$ 116,359</u>	<u>\$ 30,524</u>	<u>\$ 5,899</u>	<u>\$ 521</u>	<u>\$ 14,789</u>
Excess of Revenues Over (Under) Expenditures					
<b>OTHER FINANCING SOURCES:</b>					
Operating Transfers Out					
Apportionment of Funds by ESD					
Total Other Financing Sources					
Excess of Revenues Over (Under) Expenditures and Other Financing Sources					
<b>FUND BALANCE, June 30 2017</b>					
<b>FUND BALANCE, June 30, 2018</b>					
<b>(1) Level of Budget Appropriation</b>					

<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
\$ 9,808,638	\$ 11,280,305	\$ 11,727,909	\$ (1,919,271)
<u>9,808,638</u>	<u>11,280,305</u>	<u>11,727,909</u>	<u>(1,919,271)</u>
1,919,271	-	-	1,919,271
<u>1,919,271</u>	<u>-</u>	<u>-</u>	<u>1,919,271</u>
<u>11,727,909</u>	<u>11,280,305</u>	<u>11,727,909</u>	<u>-</u>
168,092	254,571	254,571	(86,479)
11,559,818	11,025,734	11,473,338	86,479
(7,644,860)	(7,405,624)		
(3,827,331)	(3,620,110)		
<u>(11,472,191)</u>	<u>(11,025,734)</u>	<u>(11,473,338)</u> (1)	<u>1,147</u>
87,627	-	-	87,626
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 87,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,626</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

**Budgetary Comparison for the Early Learning Hub Fund**

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

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
<b>REVENUES:</b>				
Local Sources:				
Contributions from Donations & Private Sources				
Total Local Sources				
State Sources:				
Restricted Grants In-aid:				
ELH/Pre-K State				
Total State Sources				
Federal Sources:				
Restricted Through the State				
from Federal Government				
EI/ECSE Federal				
Total Federal Sources				
TOTAL REVENUES				
<b>EXPENDITURES:</b>				
Support Services:				
Community Services	<u>\$ 284,995</u>	<u>\$ 166,485</u>	<u>\$ 1,195,479</u>	<u>\$ 45,289</u>
Excess of Revenues Over (Under) Expenditures				
<b>OPERATING CONTINGENCY</b>				
Planned Reserve				
Excess of Revenues Over (Under) Expenditures and Other Financing Sources				
FUND BALANCE, June 30 2017				
FUND BALANCE, June 30, 2018				
(1) Level of Budget Appropriation				

<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
		\$ 136,720	\$ 90,000	\$ 90,000	\$ 46,720
		<u>136,720</u>	<u>90,000</u>	<u>90,000</u>	<u>46,720</u>
		1,599,452	2,089,072	2,089,072	(489,620)
		<u>1,599,452</u>	<u>2,089,072</u>	<u>2,089,072</u>	<u>(489,620)</u>
		61,461	107,888	107,888	(46,427)
		<u>61,461</u>	<u>107,888</u>	<u>107,888</u>	<u>(46,427)</u>
		1,797,634	2,286,960	2,286,960	(489,326)
<u>\$ -</u>	<u>\$ 37,834</u>	<u>1,730,081</u>	<u>2,627,538</u>	<u>2,627,538</u>	<u>(897,457)</u>
		67,553	(340,578)	(340,578)	408,131
		<u>90,422</u>	<u>90,422</u>	<u>90,422</u>	<u>-</u>
		67,553	(431,000)	(431,000)	408,131
		<u>413,340</u>	<u>431,000</u>	<u>431,000</u>	<u>(17,660)</u>
		<u>\$ 480,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,471</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

**Budgetary Comparison for the Reimbursement Fund**

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

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Other Objects</u>
REVENUES:					
Local Sources:					
Contributions from Donations & Private Sources					
Services Other Districts Within State					
TOTAL REVENUES					
EXPENDITURES:					
Support Services:					
Attendance and Social Work	\$ 102,285	\$ 47,210	\$ 7,242	\$ 555	\$ 745
Guidance Services	42,955	14,508	2,941	226	-
Psychological Services	199,655	71,757	10,611	6,477	-
Other Student Treatment Services	58,849	17,494	5,836	-	-
Service Direction	2,300,880	332,460	2,854	-	-
Improvement of Instruction Services	21,312	6,783	9,372	6,414	-
Assessment and Testing	41,903	14,658	2,223	40	-
Fiscal Services	308,944	151,445	13,341	-	-
Staff Services	43,059	22,039	425	-	-
Technology Services	180,124	80,454	7,669	-	-
TOTAL EXPENDITURES	<u>\$ 3,299,966</u>	<u>\$ 758,806</u>	<u>\$ 62,513</u>	<u>\$ 13,712</u>	<u>\$ 745</u>
Excess of Revenues Over (Under) Expenditures					
OTHER FINANCING SOURCES:					
Operating Transfers					
Total Other Financing Sources					
OPERATING CONTINGENCY					
Planned Reserve					
Excess of Revenues Over (Under) Expenditures and Other Financing Sources					
FUND BALANCE, June 30 2017					
FUND BALANCE, June 30, 2018					
(1) Level of Budget Appropriation					

<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
\$ -	\$ 100,000	\$ 100,000	\$ (100,000)
4,001,085	3,727,160	3,727,160	273,925
<u>4,001,085</u>	<u>3,827,160</u>	<u>3,827,160</u>	<u>173,925</u>
158,036			
60,631			
288,500			
82,178			
2,636,194			
43,880			
58,823			
473,730			
65,523			
<u>268,247</u>			
<u>4,135,742</u>	<u>3,948,786</u>	<u>3,948,786</u> (1)	<u>186,956</u>
(134,657)	(121,626)	(121,626)	(13,031)
-	20,000	20,000 (1)	(20,000)
<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>(20,000)</u>
	<u>72,212</u>	<u>72,212</u>	<u>(72,212)</u>
(134,657)	(173,838)	(173,838)	(33,031)
<u>227,677</u>	<u>173,838</u>	<u>173,838</u>	<u>53,839</u>
<u>\$ 93,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,808</u>

**DOUGLAS EDUCATION SERVICES DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Debt Service Fund

For the Year Ended June 30, 2018

	<u>Other Objects</u>	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES:</b>				
Local Sources				
Earnings on Investments		\$ 2,471	\$ -	\$ 2,471
Services Provided Other Funds		390,181	438,975	(48,794)
Total Revenues		<u>392,651</u>	<u>438,975</u>	<u>(46,324)</u>
<b>EXPENDITURES:</b>				
Debt Service				
Debt Service - Principal	\$ 124,974	124,974		
Debt Service - Interest	319,437	319,437		
Total Debt Service	<u>444,411</u>	<u>444,411</u>	<u>444,411</u>	(1) <u>-</u>
Excess of Revenues Over (Under) Expenditures		(51,759)	(5,436)	(46,324)
FUND BALANCE, June 30 2017		<u>1,500,417</u>	<u>1,499,789</u>	<u>628</u>
FUND BALANCE, June 30, 2018		<u>\$ 1,448,658</u>	<u>\$ 1,494,354</u>	<u>\$ (45,696)</u>

(1) Level of Budget Appropriation



**DOUGLAS EDUCATION SERVICE DISTRICT**

## Budgetary Comparison for the Capital Improvements Fund

For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Over (Under) Budget</u>
OTHER FINANCING SOURCES:				
Long Term Debt Financing	\$ 1,700,000	\$ -	\$ -	(1) \$ 1,700,000
Total Other Financing Sources	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	1,700,000	-	-	1,700,000
FUND BALANCE, June 30 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2018	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>

(1) Level of Budget Appropriation

**DOUGLAS EDUCATION SERVICE DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Production Services Fund

For the Year Ended June 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
REVENUES:				
Rental Income				
Services Provided Other Funds				
Miscellaneous Revenue				
Total Revenues				
EXPENDITURES:				
Printing, Publishing and Duplicating Services	\$ 94,258	\$ 47,968	\$ 53,593	\$ 56,176
Total Expenditures	<u>94,258</u>	<u>47,968</u>	<u>53,593</u>	<u>56,176</u>
Excess of Revenues Over (Under) Expenditures				
FUND BALANCE, June 30 2017				
FUND BALANCE, June 30, 2018				
(1) Level of Budget Appropriation				
Adjustment from budgetary basis to generally accepted accounting basis:				
Net Change in fund balances per above				(5,975)
Add: Capital Outlay				-
Less: Depreciation and Amortization				-
Net income as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position				<u>(5,975)</u>

---

Other Objects	Actual	Original & Final Budget	Over (Under) Budget
	\$ 12,980	\$ 12,978	\$ 2
	233,617	242,220	(8,603)
	-	-	-
	<u>246,597</u>	<u>255,198</u>	<u>(8,601)</u>
\$ 577	252,572	247,082 (1)	5,490
<u>577</u>	<u>252,572</u>	<u>247,082</u>	<u>5,490</u>
	(5,975)	8,116	(14,091)
	<u>(12,343)</u>	<u>(8,116)</u>	<u>(4,227)</u>
	<u>\$ (18,318)</u>	<u>\$ -</u>	<u>\$ (18,318)</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Information Technology Fund

For the Year Ended June 30, 2018

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>
REVENUES:				
Services Provided Other Funds				
Total Revenues				
EXPENDITURES:				
Technology Services	\$ 111,574	\$ 76,088	\$ 1,672	\$ 103,385
Total Expenditures	<u>\$ 111,574</u>	<u>\$ 76,088</u>	<u>\$ 1,672</u>	<u>\$ 103,385</u>
OPERATING CONTINGENCY				
Planned Reserve				
Excess of Revenues Over (Under) Expenditures				
FUND BALANCE, June 30 2017				
FUND BALANCE, June 30, 2018				
(1) Level of Budget Appropriation				
Adjustment from budgetary basis to generally accepted accounting basis:				
Net Change in fund balances per above				(46,984)
Add: Capital Outlay				-
Less: Depreciation and Amortization				-
Net income as reported in Proprietary Statement of Revenues, Expenses and Changes in Fund Net Position				<u>\$ (46,984)</u>

---

<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
\$ 245,735	\$ 273,519	\$ (27,784)
<u>245,735</u>	<u>273,519</u>	<u>(27,784)</u>
292,719	328,064 (1)	(35,344)
<u>292,719</u>	<u>328,064</u>	<u>(35,344)</u>
-	50,455	(50,455)
(46,984)	(105,000)	58,016
<u>100,807</u>	<u>105,000</u>	<u>(4,193)</u>
<u>\$ 53,823</u>	<u>\$ -</u>	<u>\$ 53,823</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

Schedules of Required Supplementary Information  
 Relating to the Oregon Public Employees Retirement System Net Pension Liability  
 For the Fiscal Year Ended June 30, 2018

**Schedule of Proportionate Share of Net Pension Liability**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPERS net pension liability (asset) - calculated	\$ 13,480,038,072	\$ 15,012,321,763	\$ 5,741,461,073	\$ (2,266,714,469)
District's proportion of the net pension liability (asset)	0.11610577%	0.12406504%	0.13063936%	0.13516762%
District's proportionate share of the net pension liability (asset)	\$ 15,651,102	\$ 18,625,043	\$ 7,500,608	\$ (3,063,864)
District's PERS covered payroll	\$ 12,514,688	\$ 11,743,865	\$ 11,010,780	\$ 9,902,184
District's proportionate share of the net pension liability (asset) as a percentage of it's PERS covered payroll	125.06%	158.59%	68.12%	-30.94%

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,214,942	\$ 1,356,199	\$1,197,777	\$1,316,707
Contributions in relation to the contractually required contribution	\$ (2,214,942)	\$ (1,356,199)	\$ (1,197,777)	\$ (1,316,707)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's PERS covered payroll	\$ 12,514,688	\$ 8,350,527	\$ 11,010,780	\$ 9,902,184
Contributions as a percentage of PERS covered payroll	17.70%	16.24%	10.88%	NA

Note: The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available until a 10 year trend has been compiled.

**Oregon Public Employees Retirement System**  
**Schedule of Pension Amounts under GASB 68**  
**Employer #4237: Douglas Education Service District**

<b>Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL(A)]</b>	<b>June 30, 2017</b>
Actuarial Valuation Date (liability rolled forward to MD)	December 31, 2015
Discount rate	7.50%
Employer's proportionate share at prior MD	0.12406504%
Employer's proportionate share at MD	0.11610577%

Employer's proportionate share of system NPL(A) at prior MD	\$ 18,625,043
Employer's proportionate share of system NPL(A) at MD	15,651,102
• Sensitivity: NPU(A) using discount rate 1.00% lower	26,672,335
• Sensitivity: NPU(A) using discount rate 1.00% higher	6,435,310

**Employer Pension Expense for Measurement Period**

• Employer's proportionate share of system Pension Expense/(Income)	3,374,285
• Net amortization of deferred amounts from:	
o Changes in proportionate share (per paragraph 54 of GASB 68)	(225,345)
o Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 55 of GASB 68)	(13,351)

<b>Employer's Total Pension Expense/(Income)</b>	<b>\$ 3,135,589</b>
--	---------------------

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 756,894	\$ -
Changes of assumptions	2,852,917	-
Net difference between projected and actual earnings on investments	161,243	-
Changes in proportion share	-	853,101
Differences between employer contributions and proportionate share of system contributions	104,871	86,959
Total (prior to post-MD contributions)	3,875,925	940,060
Contributions subsequent to the MD	2,214,942	-
Total Deferred Outflow/(Inflow) of Resources	\$ 6,090,867	\$ 940,060
<b>Net Deferred Outflow/(Inflow) of Resources</b>		<b>\$ 5,150,807</b>

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 504,542
2nd Fiscal Year	1,776,058
3rd Fiscal Year	1,157,524
4th Fiscal Year	(494,975)
5th Fiscal Year	(7,285)
Thereafter	0
<b>Total</b>	<b>\$ 2,935,865</b>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated Feb 20, 2018.

**Oregon Public Employees Retirement System**  
**Schedule of Pension Amounts under GASB 75**  
**Employer #4237: Douglas Education Service District**

**Measurement Date [MD] of the Net Pension Liability/(Asset) [NPL(A)]****June 30, 2017**

Actuarial Valuation Date (liability rolled forward to MD)

December 31, 2015

Discount rate

7.50%

Employer's proportionate share at prior MD

0.09125974%

Employer's proportionate share at MD

0.09325436%

Employer's proportionate share of system NPL(A) at prior MD

\$ 24,783

Employer's proportionate share of system NPL(A) at MD

(38,919)

• Sensitivity: NPU(A) using discount rate 1.00% lower

5,425

• Sensitivity: NPU(A) using discount rate 1.00% higher

(76,636)

**Employer Pension Expense for Measurement Period**

• Employer's proportionate share of system Pension Expense/(Income)

209

• Net amortization of deferred amounts from:

o Changes in proportionate share (per paragraph 64 of GASB 75)

146

o Differences between employer contributions and

-

employer's proportionate share of system contributions (per paragraph 65 of GASB 75)

Employer's Total Pension Expense/(Income)

\$ 355

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	18,025
Changes in proportion share	396	-
Differences between employer contributions and proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	396	18,025
Contributions subsequent to the MD	-	-
Total Deferred Outflow/(Inflow) of Resources	\$ 396	\$ 18,025
<b>Net Deferred Outflow/(Inflow) of Resources</b>		<b>\$ (17,629)</b>

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (4,360)
2nd Fiscal Year	(4,360)
3rd Fiscal Year	(4,402)
4th Fiscal Year	(4,506)
5th Fiscal Year	0
Thereafter	0
Total	\$ (17,629)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 75 reporting summary dated March 20, 2018.



## Other Supplementary Information

**DOUGLAS EDUCATION SERVICE DISTRICT**Combining Balance Sheet  
All Non-Major Governmental Funds-By Fund Type

June 30, 2018

	Facility Maintenance Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>		
Cash in Checking	\$ 55,366	\$ 55,366
<b>Total Assets</b>	<u>\$ 55,366</u>	<u>\$ 55,366</u>
<b>LIABILITIES &amp; FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>		
Fund Balance:		
Unassigned	55,366	55,366
<b>Total Fund Balance</b>	<u>55,366</u>	<u>55,366</u>
<b>Total Liabilities     &amp; Fund Balance</b>	<u>\$ 55,366</u>	<u>\$ 55,366</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
All Non-Major Governmental Funds - By Fund Type

For the Year Ended June 30, 2018

	Facility Maintenance Fund	Total Non-Major Governmental Funds
<b>EXPENDITURES:</b>		
Facilities and Acquisition	\$ 30,315	\$ 30,315
Total Expenditures	<u>30,315</u>	<u>30,315</u>
 Excess of Revenues Over (Under) Expenditures and Other Financing Sources	 (30,315)	 (30,315)
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating Transfers In (Out)	<u>15,000</u>	<u>15,000</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>
 Excess of Revenues Over (Under) Expenditures and Other Financing Sources	 (15,315)	 (15,315)
 <b>FUND BALANCE,</b> June 30, 2017	 <u>70,681</u>	 <u>70,681</u>
 <b>FUND BALANCE,</b> June 30, 2018	 <u>\$ 55,366</u>	 <u>\$ 55,366</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Actual and Budget  
Facility Maintenance Fund

For the Year Ended June 30, 2018

	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b>EXPENDITURES:</b>					
Support Services:					
Building Acquisition, Construction, and Improvement	\$ 24,396	\$ 5,919	\$ 30,315	\$ 45,000	\$ (14,685)
Total Support Services	<u>\$ 24,396</u>	<u>\$ 5,919</u>	<u>30,315</u>	<u>45,000</u>	(1) <u>(14,685)</u>
Total Expenditures			<u>30,315</u>	<u>45,000</u>	<u>(14,685)</u>
Excess of Revenues Over (Under) Expenditures			(30,315)	(45,000)	14,685
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In (Out)			15,000	15,000	-
Total Other Financing Sources (Uses)			<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>OPERATING CONTINGENCY</b>					
Planned Reserve			<u>-</u>	<u>40,550</u>	<u>40,550</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources			(15,315)	(70,550)	55,235
<b>FUND BALANCE, June 30 2017</b>			<u>70,681</u>	<u>70,550</u>	<u>-</u>
<b>FUND BALANCE, June 30, 2018</b>			<u>\$ 55,366</u>	<u>\$ -</u>	<u>\$ 55,235</u>

(1) Level of Budget Appropriation

**DOUGLAS EDUCATION SERVICE DISTRICT**Combining Statement of Net Position  
Internal Service Funds-By Fund Type

June 30, 2018

	Unemployment Fund	Early Retirement Fund	Computer Replacement Fund	Facility Reserve Fund	PERS Reserve Fund	Total Internal Service Funds
<b>ASSETS</b>						
Cash in General Checking	\$ 780	\$ 193,625	\$ 75,115	\$ 637,835	\$ 102,371	\$ 1,009,725
Cash in State Pool	91,835	244,725	-	-	-	336,560
Total Assets	<u>\$ 92,615</u>	<u>\$ 438,350</u>	<u>\$ 75,115</u>	<u>\$ 637,835</u>	<u>\$ 102,371</u>	<u>\$ 1,346,286</u>
<b>LIABILITIES &amp; NET POSITION</b>						
<b>LIABILITIES:</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>						
Total Net Position	<u>92,615</u>	<u>438,350</u>	<u>75,115</u>	<u>637,835</u>	<u>102,371</u>	<u>1,346,286</u>
Total Liabilities & Net Position	<u>\$ 92,615</u>	<u>\$ 438,350</u>	<u>\$ 75,115</u>	<u>\$ 637,835</u>	<u>\$ 102,371</u>	<u>\$ 1,346,286</u>

**DOUGLAS EDUCATION SERVICE DISTRICT**Combining Schedule of Revenues, Expenditures and Changes in Net Position  
Internal Service Funds-By Fund Type

For the Year Ended June 30, 2018

	Unemployment Fund	Early Retirement Fund	Computer Replacement Fund	Facility Reserve Fund	PERS Reserve Fund	Total Internal Service Funds
<b>REVENUES:</b>						
Local Sources	\$ -	\$ -	\$ 66,000	\$ -	\$ 59,002	\$ 125,002
Total Revenues	-	-	66,000	-	59,002	125,002
<b>EXPENDITURES:</b>						
Fiscal Service	400	-	-	-	-	400
Internal Service	-	-	152,231	-	-	152,231
Other Fiscal Services	48,820	-	-	-	-	48,820
Supplemental Retirement Program	-	11,562	-	-	-	11,562
Total Expenditures	49,220	11,562	152,231	-	-	213,013
Excess of Receipts Over (Under) Expenditures	(49,220)	(11,562)	(86,231)	-	59,002	(88,011)
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	-	-	-	30,000	-	30,000
Total Other Financing Sources	-	-	-	30,000	-	30,000
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	(49,220)	(11,562)	(86,231)	30,000	59,002	(58,011)
<b>NET POSITION,</b>						
June 30, 2017	141,835	449,912	161,345	607,835	43,369	1,404,297
<b>NET POSITION,</b>						
June 30, 2018	\$ 92,615	\$ 438,350	\$ 75,115	\$ 637,835	\$ 102,371	\$ 1,346,286

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Budgetary Comparison Schedule for the Unemployment Fund

For the Year Ended June 30, 2018

	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES:					
Internal Service					
Fiscal Services	\$ -	\$ 400	\$ 400		
Other Fiscal Services	48,820	-	48,820		
Total Expenditures	<u>\$ 48,820</u>	<u>\$ 400</u>	<u>49,220</u>	<u>\$ 50,400</u>	(1) <u>\$ (1,180)</u>
OPERATING CONTINGENCY					
Planned Reserve			<u>-</u>	<u>90,600</u>	<u>(90,600)</u>
Excess of Revenues Over (Under) Expenditures			(49,220)	(141,000)	1,180
NET POSITION, June 30 2017			<u>141,835</u>	<u>141,000</u>	<u>835</u>
NET POSITION, June 30, 2018			<u>\$ 92,615</u>	<u>\$ -</u>	<u>\$ 2,015</u>

(1) Level of Budget Appropriation

**DOUGLAS EDUCATION SERVICE DISTRICT**

## Budgetary Comparison Schedule for the Early Retirement Fund

For the Year Ended June 30, 2018

	<u>Employee Benefits</u>	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
EXPENDITURES:				
Support Services				
Supplemental Retirement Program	\$ 11,562	\$ 11,562	\$ 40,000	\$ (28,438)
Total Expenditures	<u>\$ 11,562</u>	<u>11,562</u>	<u>40,000</u>	<u>(28,438)</u>
OPERATING CONTINGENCY				
Planned Reserve		<u>-</u>	<u>410,000</u>	<u>(410,000)</u>
Excess of Revenues Over (Under) Expenditures		(11,562)	(450,000)	438,438
NET POSITION, June 30 2017		<u>449,912</u>	<u>450,000</u>	<u>(88)</u>
NET POSITION, June 30, 2018		<u>\$ 438,350</u>	<u>\$ -</u>	<u>\$ 438,350</u>

(1) Level of Budget Appropriation



**DOUGLAS EDUCATION SERVICE DISTRICT****Budgetary Comparison Schedule for the Computer Replacement Fund****For the Year Ended June 30, 2018**

	<u>Supplies and Materials</u>	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES:</b>				
Local Sources				
Services Provided Other Funds		\$ 66,000	\$ 161,000	\$ (95,000)
Total Revenues		<u>66,000</u>	<u>161,000</u>	<u>(95,000)</u>
<b>EXPENDITURES:</b>				
Support Services				
Internal Service	\$ 152,231	152,231	221,000	(68,769)
Total Expenditures	<u>\$ 152,231</u>	<u>152,231</u>	<u>221,000</u> (1)	<u>(68,769)</u>
<b>OPERATING CONTINGENCY</b>				
Planned Reserve		<u>-</u>	<u>100,000</u>	<u>(100,000)</u>
Excess of Revenues Over (Under) Expenditures		(86,231)	(160,000)	73,769
<b>NET POSITION, June 30 2017</b>		<u>161,345</u>	<u>160,000</u>	<u>1,345</u>
<b>NET POSITION, June 30, 2018</b>		<u>\$ 75,115</u>	<u>\$ -</u>	<u>\$ 75,115</u>

(1) Level of Budget Appropriation

**DOUGLAS EDUCATION SERVICE DISTRICT****Budgetary Comparison Schedule for the Facility Reserve Fund**

For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b>EXPENDITURES:</b>			
Building, Acquisition, and Construction Capital Outlay	\$ -	\$ 435,000	\$ (435,000)
	<u>-</u>	<u>435,000</u> (1)	<u>(435,000)</u>
Excess of Revenues Over (Under) Expenditures	-	(435,000)	435,000
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	30,000	30,000	-
Total Other Financing Sources	<u>30,000</u>	<u>30,000</u> (1)	<u>-</u>
<b>OPERATING CONTINGENCY</b>			
Planned Reserve	<u>-</u>	<u>202,000</u>	<u>(202,000)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	30,000	(607,000)	637,000
NET POSITION, June 30 2017	<u>607,835</u>	<u>607,000</u>	<u>835</u>
NET POSITION, June 30, 2018	<u>\$ 637,835</u>	<u>\$ -</u>	<u>\$ 637,835</u>

(1) Level of Budget Appropriation

**DOUGLAS EDUCATION SERVICE DISTRICT****Budgetary Comparison Schedule for the PERS Reserve Fund**

For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Over (Under) Budget</u>
<b>REVENUES:</b>			
Local Sources			
Services Provided Other Funds	\$ 59,002	\$ 50,000	\$ 9,002
Total Revenues	<u>59,002</u>	<u>50,000</u>	<u>9,002</u>
<b>EXPENDITURES:</b>			
Support Services			
Staff Services - Other	-	50,000	(50,000)
	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>
Excess of Revenues Over (Under) Expenditures	59,002	-	59,002
<b>NET POSITION, June 30 2017</b>	<u>43,369</u>	<u>-</u>	<u>43,369</u>
<b>NET POSITION, June 30, 2018</b>	<u>\$ 102,371</u>	<u>\$ -</u>	<u>\$ 102,371</u>

(1) Level of Budget Appropriation

## 2017-18 DOUGLAS ESD AUDIT REVENUE SUMMARY

## Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$4,305,111						
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts	\$0	\$0					
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition		\$90,890					
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$64,569		\$2,471				
1600 Food Service							
1700 Extracurricular Activities							
1800 Community Services Activities							
1910 Rentals		\$0			\$12,980		
1920 Contributions and Donations From Private Sources	\$0	\$382,507					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies	\$13,698	\$4,931,953			\$479,353		
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$16,131						
1970 Services Provided Other Funds		\$0	\$390,181			\$125,002	
1980 Fees Charged to Grants	\$750,704						
1990 Miscellaneous	\$17,690	\$395,427					
<b>Total Revenue from Local Sources</b>	<b>\$5,167,903</b>	<b>\$5,600,777</b>	<b>\$392,651</b>	<b>\$0</b>	<b>\$492,333</b>	<b>\$125,002</b>	<b>\$0</b>

## Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds							
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	\$0	\$441,350					
2200 Restricted Revenue		\$13,060					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$0</b>	<b>\$454,410</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$1,920,598						
3102 State School Fund - School Lunch Match							
3103 Common School Fund							
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$0	\$27,000					
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$2,170,841					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District		\$9,808,638					
<b>Total Revenue from State Sources</b>	<b>\$1,920,598</b>	<b>\$12,006,479</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$2,521,742					
4700 Grants-in-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees							
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District							
<b>Total Revenue from Federal Sources</b>	<b>\$0</b>	<b>\$2,521,742</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources				\$1,700,000			
5200 Interfund Transfers		\$7,659,860				\$30,000	
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$1,459,256	\$3,189,487	\$1,500,417		\$88,464	\$1,404,297	
<b>Total Revenue from Other Sources</b>	<b>\$1,459,256</b>	<b>\$10,849,347</b>	<b>\$1,500,417</b>	<b>\$1,700,000</b>	<b>\$88,464</b>	<b>\$1,434,297</b>	<b>\$0</b>
<b>Grand Totals</b>	<b>\$8,547,757</b>	<b>\$31,632,755</b>	<b>\$1,893,068</b>	<b>\$1,700,000</b>	<b>\$580,796</b>	<b>\$1,559,299</b>	<b>\$0</b>

## 2017-18 DOUGLAS ESD AUDIT EXPENDITURE SUMMARY

**Fund: 100 General Fund**

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$292,091	\$184,667	\$100,958	\$5,202	\$1,284		\$0	
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0						
1260 Treatment and Habilitation	\$322,871	\$200,112	\$97,615	\$18,881	\$5,263			
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$614,962</b>	<b>\$384,778</b>	<b>\$198,573</b>	<b>\$25,083</b>	<b>\$6,527</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$205,572	\$149,771	\$41,783	\$13,646	\$371			
2140 Psychological Services	\$15,543	\$8,259	\$7,297	\$14				
2150 Speech Pathology and Audiology Services	\$2,281,410	\$1,254,738	\$592,495	\$419,124	\$11,284		\$3,769	
2160 Other Student Treatment Services	\$219,294	\$92,622	\$50,863	\$74,483	\$1,325			
2190 Service Direction, Student Support Services	\$133,341	\$80,826	\$38,205	\$9,895	\$2,161			\$2,253
2210 Improvement of Instruction Services	\$333,243	\$160,556	\$73,014	\$81,919	\$12,252			\$5,502
2220 Educational Media Services	\$201	\$0	\$0	\$8	\$194			\$0
2230 Assessment & Testing	\$88,795		\$88,795					
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$47,989			\$32,322	\$7,024			\$8,643
2320 Executive Administration Services	\$221,790	\$177,011		\$25,016	\$7,588			\$12,176
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0	\$0	\$0					
2520 Fiscal Services	\$487,963	\$260,945	\$126,894	\$82,209	\$5,480			\$12,436
2540 Operation and Maintenance of Plant Services	\$153,111	\$42,288	\$9,251	\$73,075	\$10,046			\$18,450
2550 Student Transportation Services	\$0							
2570 Internal Services	\$16,070	\$9,049	\$3,010	\$4,001	\$10			
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$69,196	\$39,953	\$20,717	\$8,240	\$90			\$196
2640 Staff Services	\$430,743	\$251,506	\$120,449	\$17,701	\$36,459			\$4,628
2660 Technology Services	\$487,820	\$110,907	\$62,862	\$141,029	\$173,022	\$0		\$0
2670 Records Management Services	\$0							\$0
2690 Other Support Services - Central	\$7,587			\$508	\$6,738			\$341
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$5,199,669</b>	<b>\$2,638,432</b>	<b>\$1,235,635</b>	<b>\$983,163</b>	<b>\$274,045</b>	<b>\$0</b>	<b>\$68,395</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$25,250						\$25,250	
5200 Transfers of Funds	\$45,000							\$45,000
5300 Apportionment of Funds by ESD	\$1,169,710							\$1,169,710
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$1,239,960</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,250</b>	<b>\$1,214,710</b>
<b>Grand Total</b>	<b>\$7,054,591</b>	<b>\$3,023,210</b>	<b>\$1,434,208</b>	<b>\$1,008,247</b>	<b>\$280,572</b>	<b>\$0</b>	<b>\$93,845</b>	<b>\$1,214,710</b>

2017-18 DOUGLAS ESD AUDIT EXPENDITURE SUMMARY

Schedule G-3

Fund: 200 Special Revenue Funds								
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-8	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$7,825,323	\$3,942,322	\$1,970,945	\$851,293	\$93,782	\$58,573	\$708,407	
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$299,378	\$163,084	\$99,719	\$9,756	\$2,345		\$24,471	
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$189,974	\$99,714	\$51,808	\$1,894	\$2,550		\$14,008	
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$8,094,672</b>	<b>\$4,205,120</b>	<b>\$2,122,472</b>	<b>\$862,944</b>	<b>\$98,677</b>	<b>\$58,573</b>	<b>\$746,886</b>	<b>\$0</b>
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2120 Guidance Services	\$158,038	\$102,285	\$47,210	\$7,242	\$555		\$745	
2130 Health Services	\$269,433	\$137,099	\$65,440	\$42,959	\$7,503		\$16,433	
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$288,500	\$199,855	\$71,757	\$10,811	\$8,477			
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$978,059	\$844,469	\$313,096	\$18,231	\$0		\$263	
2210 Improvement of Instruction Services	\$2,035,704	\$2,504,345	\$425,961	\$5,398	\$0	\$0	\$0	
2220 Educational Media Services	\$578,263	\$197,522	\$82,772	\$202,690	\$88,363	\$0	\$26,916	
2230 Assessment & Testing	\$0			\$0			\$0	
2240 Instructional Staff Development	\$107,589	\$78,630	\$25,358	\$3,581	\$40			
2310 Board of Education Services	\$454,764	\$209,513	\$83,460	\$113,699	\$20,272		\$26,820	
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$473,730	\$308,944	\$151,445	\$13,341				
2540 Operation and Maintenance of Plant Services	\$112,814	\$51,181	\$29,324	\$26,191	\$5,919	\$0		
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0						\$0	
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$20,000	\$11,884	\$7,774	\$342	\$0			
2640 Staff Services	\$85,523	\$43,059	\$22,039	\$425				
2680 Technology Services	\$268,247	\$180,124	\$80,454	\$7,869				
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$6,708,462</b>	<b>\$4,667,709</b>	<b>\$1,388,089</b>	<b>\$452,359</b>	<b>\$129,128</b>	<b>\$0</b>	<b>\$73,177</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3200 Other Enterprise Services	\$0							
3300 Community Services	\$2,011,258	\$412,805	\$210,690	\$1,275,281	\$68,860		\$43,623	
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$2,011,258</b>	<b>\$412,805</b>	<b>\$210,690</b>	<b>\$1,275,281</b>	<b>\$68,860</b>	<b>\$0</b>	<b>\$43,623</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
4110 Service Area Direction	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4160 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>								
5100 Debt Service	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$7,844,860							\$7,844,860
5400 PERS UAL Bond Lump Sum	\$3,827,331							\$3,827,331
<b>Total Other Uses Expenditures</b>	<b>\$11,472,191</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,472,191</b>
<b>Grand Total</b>	<b>\$28,286,564</b>	<b>\$9,285,634</b>	<b>\$3,719,252</b>	<b>\$2,590,593</b>	<b>\$296,665</b>	<b>\$58,573</b>	<b>\$883,686</b>	<b>\$11,472,191</b>

2017-18 DOUGLAS ESD AUDIT EXPENDITURE SUMMARY

Schedule G-4

Fund: 300 Debt Service Funds								
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-6	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>								
4110 Service Area Direction	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>								
5100 Debt Service	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	\$444,411						\$444,411	
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$444,411	\$0	\$0	\$0	\$0	\$0	\$444,411	\$0
<b>Grand Total</b>	<b>\$444,411</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$444,411</b>	<b>\$0</b>

2017-18 DOUGLAS ESD AUDIT EXPENDITURE SUMMARY

Schedule G-6

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



2017-18 DOUGLAS ESD AUDIT EXPENDITURE SUMMARY

Schedule G-6

Fund: 600 Enterprise Funds								
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-6	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pro-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1298 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$252,572	\$94,258	\$47,068	\$53,593	\$56,176		\$577	
2610 Direction of Central Support Services	\$0							
Planning, Research, Development, Evaluation Services, Grant								
2620 Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$292,716	\$111,574	\$76,088	\$1,672	\$103,385			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$545,291	\$205,832	\$124,056	\$55,265	\$159,561	\$0	\$577	\$0
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>								
4110 Service Area Direction	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>								
5100 Debt Service	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$545,291	\$205,832	\$124,056	\$55,265	\$159,561	\$0	\$577	\$0

2017-18 DOUGLAS ESD AUDIT EXPENDITURE SUMMARY

Schedule G-7

Fund: 600 Internal Service Funds								
Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$49,220		\$48,820	\$400				
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$152,231				\$152,231			
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant								
2620 Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$11,562		\$11,562					
Total Support Services Expenditures	\$213,013	\$0	\$60,382	\$400	\$152,231	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$213,013	\$0	\$60,382	\$400	\$152,231	\$0	\$0	\$0

INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS



# NEUNER DAVIDSON & CO

Cooley, Rapp & Friel, LLC

Certified Public Accountants

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

Board of Directors  
Douglas Education Service District  
Roseburg, OR 97470

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 basic financial statements of Douglas Education Service District, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 7, 2018.

### **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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- 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*, except for the district overspent appropriations in two funds.

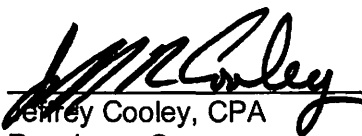
**OAR 162-10-0230 INTERNAL CONTROL**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Deficiencies in internal control, if any, were communicated separately. This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

**Restriction on Use**

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

Neuner Davidson & Co

  
Jeffrey Cooley, CPA  
Roseburg, Oregon  
December 7, 2018

## Single Audit Requirements



# NEUNER DAVIDSON & CO

Cooley, Rapp & Friel, LLC

Certified Public Accountants

## 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  
Douglas Education Service District  
1871 NE Stephens St  
Roseburg, OR 97470

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, the business-type activities, each major fund, and the aggregate remaining fund information of Douglas Education Service District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2018.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 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.

**Douglas Education Service District  
GAS Report of Internal Control and Compliance**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Douglas Education Service District's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Neuner Davidson & Co

A handwritten signature in black ink, appearing to read 'J. Cooley', is written over the printed name.

Jeffrey Cooley, CPA  
Roseburg, Oregon  
December 7, 2018





# NEUNER DAVIDSON & CO

Cooley, Rapp & Friel, LLC

Certified Public Accountants

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

Board of Directors  
Douglas Education Service District  
1871 NE Stephens St  
Roseburg, OR 97470

### Report on Compliance for Each Major Federal Program

We have audited the Douglas Education Service District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Douglas Education Service District's major federal programs for the year ended June 30, 2018. Douglas Education Service District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Douglas Education Service 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 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Douglas Education Service 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 for each major federal program. However, our audit does not provide a legal determination of the Douglas Education Service District compliance.

### Opinion on Each Major Federal Program

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

**Douglas Education Service District  
Independent Auditor's Report on Compliance**

**Report on Internal Control over Compliance**

Management of the Douglas Education Service District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Douglas Education Service District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Douglas Education Service 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Neuner Davidson & Co

A handwritten signature in black ink, appearing to read 'Jeffrey Cooley', is written over a horizontal line.

Jeffrey Cooley, CPA  
Roseburg, Oregon  
December 7, 2018

Douglas Education Service District

Notes to Schedule of Expenditures of Federal Awards  
June 30, 2018

---

Note 1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Douglas Education Service District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. **Sub-recipients**

Of the federal expenditures presented in the schedule, Douglas Education Service District provided no federal awards to sub-recipients.

Douglas Education Service District  
Auditors Comments  
For the Fiscal Year ended June 30, 2018

---

**Summary of the Auditor's Results**

The audit report issued December 7, 2018, on the general purpose financial statements of Douglas Education Service District as of and for the year ended June 30, 2018, was an unqualified opinion. The audit did not disclose any reportable conditions in internal control for either major or nonmajor programs, nor did the audit disclose any noncompliance which may be material to the financial statements. The audit report on compliance for major programs was an unqualified opinion. There were no audit findings required to be reported in accordance with 2 CFR section 200.216(a).

The major programs identified by Douglas Education Service District were:

Special Education – Cluster – Idea 84.027, 84.173

The threshold used to distinguish between Type A and Type B programs was \$750,000. The District did qualify as a low-risk auditee under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Findings required to be reported in accordance with generally accepted government auditing standards (GAGAS):**

No Findings.

**Findings and questioned costs for Federal awards:**

Current Year:

No Findings or Questioned Costs.

Summary Schedule of Prior Audit Findings:

No Findings or Questioned Costs

**DOUGLAS EDUCATION SERVICE DISTRICT**

Schedule of Federal Financial Assistance

For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Organization	Federal CFDA Number	Grant Period		ODE Grant #	Grant Amount	2017-18 Revenues	2017-18 Expenditures
			Beginning	Ending				
SPECIAL EDUCATION CLUSTER (IDEA)								
U.S. Department of Education								
Services for Orthopedic Imp	Oregon Dept of Education	84.027	7/1/17	6/30/19	11054	200,000	98,810	98,810
Oregon Technology Access program	Oregon Dept of Education	84.027	7/1/17	6/30/19	11053	418,088	199,082	199,082
IDEA Enhancement 16-17	Oregon Dept of Education	84.027	10/1/16	9/30/17	42631	1,226	1,226	1,226
IDEA Enhancement 17-18	Oregon Dept of Education	84.027	7/1/17	9/30/18	46416	2,652	1,394	1,394
SPR&I 2017-18 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44839	2,215	2,215	2,215
SPR&I 2017-18 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44838	1,955	1,955	1,955
SPR&I 2017-18 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44371	3,682	525	525
SPR&I 2017-18 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44370	1,045	-	-
SPR&I 2017-18 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44837	5,142	140	140
SPR&I 2016-17 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44840	1,090	-	-
SPR&I 2016-17 - Discretionary	Oregon Dept of Education	84.027	7/1/17	6/30/18	44856	1,065	-	-
Local Interagency Coordination Council	Oregon Dept of Education	84.173	7/1/16	6/30/18	48367	750	150	150
Passed through Douglas ESD as contracts to other agencies:								
Special Education	Oregon Dept of Education	84.027	7/1/17	6/30/18		1,125,750	1,125,750	1,125,750
Special Education-Preschool Grants	Oregon Dept of Education	84.173	7/1/17	6/30/18		245,105	245,105	245,105
Total Special Education Cluster (IDEA)							1,676,352	1,676,352
OTHER PROGRAMS								
U.S. Department of Education								
Transition Network Revenue	Oregon Dept of Education	84.126	7/1/17	6/30/19	10198	138,746	138,746	138,746
Perkins Reserve Fund 17-18	Oregon Dept of Education	84.048	7/1/17	9/30/18	44308	32,766	30,172	30,172
Perkins Basic Fund 17-18	Oregon Dept of Education	84.048	7/1/17	9/30/18	44284	89,381	50,462	50,462
Perkins Reserve Fund 16-17	Oregon Dept of Education	84.048	7/1/16	9/30/17	40333	35,046	1,480	1,480
Perkins Basic Fund 16-17	Oregon Dept of Education	84.048	7/1/16	9/30/17	40470	86,056	3,513	3,513
Perkins Oregon PIPE Regional	Oregon Dept of Education	84.048	7/1/17	6/30/18	11203	8,450	7,395	7,395
Title ID - Long-Term Care & Treatment	Oregon Dept of Education	84.013	7/1/16	6/30/17	70037	10,939	2,995	2,995
Long-term Care & Treatment IDEA Formula	Oregon Dept of Education	84.027	7/1/17	6/30/17	70095	5,820	-	-
Local Interagency Coordination Council	Oregon Dept of Education	84.181	7/1/16	6/30/18	48367	750	750	750
RTT Vroom Grants	Oregon Dept of Education	84.412	8/1/15	12/31/17	38543	12,995	2,995	2,995
Passed through Douglas ESD as contracts to other agencies:								
Federal IDEA, Spec Purpose Funds, Part C	Oregon Dept of Education	84.181	7/1/17	6/30/18		548,416	548,416	548,416
Total U.S. Department of Education							786,924	786,924
Passed Through State Department of Education:								
Focused Child Care Network - CCDF	Oregon Dept of Education	93.575	7/1/17	9/30/17	44092	15,824	15,824	15,824
Title IV-B2 Family Pres & Support Hubs	Oregon Dept of Education	93.565	7/1/17	6/30/19	44932	141,731	42,642	42,642
Total U.S. Department of Health and Human Services							58,466	58,466
Total Other Programs							845,390	845,390
TOTAL FEDERAL ASSISTANCE							\$ 2,521,742	\$ 2,521,742

SUPPLEMENTAL INFORMATION, 2017-2018

School District Business Managers and Auditors:

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

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

A. Energy Bill for Heating - **All Funds**:

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

	Objects 325 & 326
Function 2540	\$ 35,888
Function 2550	\$ 0

B. Replacement of Equipment – **General Fund**:

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

Exclude these functions:

1113, 1122 & 1132

1140

1300

1400

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

4150

2550

3100

3300

Construction

Pupil Transportation

Food Service

Community Services

\$ 0