

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON

EUGENE, OREGON

***Comprehensive Annual Financial Report
Year Ended June 30, 2018***

Prepared By

*Business Services Department
Simon Levear, Director*

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
TABLE OF CONTENTS

<i>INTRODUCTORY SECTION</i>	<i>Page</i>
Letter of Transmittal	1-4
GFOA Certificate of Achievement for Excellence in Financial Reporting	5
Administrative Organizational Chart	6
Board of Directors	7
<i>FINANCIAL SECTION</i>	
Independent Auditor's Report	8-10
Management's Discussion and Analysis	11-16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19-20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Notes to Basic Financial Statements	25-58
Required Supplementary Information	59
Schedule of Changes in the Total Pension Liability for Stipends	60
Schedule of Total Pension Liability and Related Ratios for Stipends	60
Schedule of the Proportionate Share of the Net Pension Liability for PERS	61
Schedule of Contributions for PERS	62
Schedule of the Proportionate Share of the Net OPEB Liability for RHIA	63
Schedule of Contributions for RHIA	64
Schedule of Changes in the Total OPEB Liability for Medical Subsidy	65
Schedule of Total OPEB Liability and Related Ratios for Medical Subsidy	65
Reconciliation of Budgetary to Reporting Funds - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
General Fund	67
Special Revenue Fund	68
Special Projects Fund	69
Notes to Required Supplementary Information	70
Other Supplementary Information	71
Reconciliation of Budgetary to Reporting Funds - Combining Balance Sheet - General Fund	72
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Insurance Reserve Fund	73
Debt Service Fund	74
Capital Projects Fund	75
Other Schedules	76
Revenue Summary – All Funds	77-78
Expenditure Summaries:	
General Fund	79-82
Special Revenue Fund	83-86
Special Projects Fund	87-88
Insurance Reserve Fund	89-90
Debt Service Fund	91-92

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Other Supplementary Information (Continued)	
Other Schedules (Continued)	
Capital Projects Fund	93-94
Schedule of Supplementary Information as Required by Oregon Department of Education	95
STATISTICAL SECTION	
Condensed Statement of Net Position - Last Ten Fiscal Years	96-97
Changes in Net Position - Last Ten Fiscal Years	98-99
Fund Balances of Governmental Funds - Last Ten Fiscal Years	100-101
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	102-103
Assessed Values of Taxable Property Within School District No. 52 Boundaries - Last Ten Fiscal Years	104-105
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	106
Principal Property Taxpayers for Lane County - Current Year and Nine Years Ago	107
Property Tax Levies and Collections - Last Ten Fiscal Years	108
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	109
Direct and Overlapping Governmental Activities Debt - As of June 30, 2018	110
Legal Debt Margin Information - Last Ten Fiscal Years	111
Demographic and Economic Statistics - Last Ten Calendar Years	112
Principal Employers for the Eugene Area - Current Year and Nine Years Ago	113
Number of Full Time Equivalent (FTE) Employees - Last Ten Fiscal Years	114
Operating Statistics - Last Ten Fiscal Years	115
Operating Statistics - Capital Assets - Year Ended June 30, 2018	116
Operating Statistics - Free and Reduced Lunches - Year Ended June 30, 2018	117
COMPLIANCE SECTION	
Independent Auditor's Report Required by Oregon State Regulations	118
Schedule of Expenditures of Federal Awards	119
Notes to Schedule of Expenditures of Federal Awards	120-121
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	122-125
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	126-128
Schedule of Findings and Questioned Costs	129-130
	131



December 28th, 2018

To the Bethel School District Community
Eugene, Oregon

Oregon Municipal Audit Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report of Bethel School District (the District) for the fiscal year ended June 30, 2018 is hereby submitted.

This report was prepared by the District's Business Services Department. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting information is available for the District to prepare the financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

INDEPENDENT AUDIT

The Bethel School District's financial statements have been audited by Grove, Mueller & Swank, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors, beginning on page 11.

PROFILE OF THE DISTRICT

In 1948 voters approved formation of the Bethel School District by consolidating five smaller districts. A sixth small district was added in 1960. Since its formation the District's enrollment has increased from 675 to the current 5,600. Enrollment projections for the 2019-20 school year reflect a slight decrease to 5,579. The District's total population is approximately 38,000.

Bethel is the third largest school district in Lane County. Its students are drawn from 31.7 square miles in the southern part of the Willamette Valley in the Eugene-Springfield metropolitan area. Bethel School District, a kindergarten through twelfth grade district, has one comprehensive high school, Willamette High; an alternative education high school, Kalapuya High; two middle schools, Cascade and Shasta; two kindergarten through eighth grade schools: Meadow View and Prairie Mountain; and five elementary schools, Clear Lake, Danebo, Fairfield, Irving and Malabon. The District offers a broad array of programs such as general, special, vocational, alternative and technological education.

The District has taken pride in maintaining its facilities and managing growth. The oldest building in the District is Willamette High School, parts of which were originally built in 1949. Through the support of the community, additions and renovations have enlarged the high school to a capacity of 1,590 students. The two middle schools were constructed six years apart with Cascade being built in 1955 and Shasta in 1961. The elementary schools range in age from 3 years to 53 years with Danebo and Irving being the oldest and the rebuilt Malabon and Fairfield Elementary schools being the newest, having opened in the fall of 2015.

Bethel School District is financially independent. A seven-member elected school board is responsible for the District's operations and programs, and accordingly appoints the administration of the District, who share accountability for oversight. The school board and administration take their stewardship responsibilities very seriously. Consistent with this, District facilities are well-maintained and well-equipped. There are no component units and the District is not a component unit of another entity.

The District annually prepares a budget in accordance with requirements prescribed in the Oregon Revised Statutes. The objective of the District's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's Board of Directors. Activities of all funds are included in the annual appropriated budget.

A summary of the approved budget, together with a notice of public hearing, is published in a newspaper with general circulation in the District. A public hearing is held to receive comments from the public concerning the approved budget. The Board of Directors adopts the budget, makes the appropriations, and levies taxes after the public hearing and before the beginning of the year for which the budget has been prepared.

The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the District's Board of Directors. Activities of the General Fund, Special Revenue funds, Debt Service Fund, and Capital Projects Fund are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount), is established by major function level within an individual fund. Transfers of appropriations between budget categories must be authorized by resolution of the Board of Directors.

As demonstrated by the statements and schedules included in the Financial Section of this report, the District continues to meet its responsibility for sound financial management.

ECONOMIC CONDITIONS AND OUTLOOK

Bethel School District is located in the Eugene-Springfield metropolitan area. Eugene is Oregon's second largest city and the seat of Lane County government. The City of Eugene together with the City of Springfield comprises a metropolitan area that serves as the regional center for industry, service and trade, as well as for cultural, academic and recreational activities. Eugene is the home of the University of Oregon, the State's premier research institution as well as Lane Community College and Northwest Christian University.

Lane County's economy is growing.

LONG-TERM FINANCIAL PLANNING

The District's unassigned fund balance in the General Fund (14 percent of total General Fund revenues) is within the Government Finance Officers Association recommended range of five to fifteen percent or no less than two months of operating expenditures. However, the District's ability to predict revenues in Oregon's unstable financial environment necessitated the need to maintain a larger ending fund balance. Regardless of the continued uncertainty, the District is in the process of reducing its ending fund balance. Since the District is dependent on the State of Oregon for a substantial portion of its operating funds, and funding levels can vary from year to year, maintaining adequate reserves is critical.

MAJOR PROGRAMS

The quality and quantity of programs offered by Bethel School District are related to both the amount of funding provided as well as the effective and efficient management of those funds. To maximize the benefit to our community's children, the District must continue its effort to cultivate strong relationships with and between students, parents, staff, and community members in local fiscal decision making. In optimizing those funds for the benefit of the students, the District will strive to:

- Maximize the positive impact on classroom instruction, instructional support, readiness to learn, and efforts to increase student achievement and engagement so that all students make progress toward meeting state standards, District goals, and personal aspirations.
- Protect and maintain the community's investment in our facilities, physical spaces, equipment, and other assets.
- Prepare for both short and long-term fiscal responsibilities including: labor agreements, reserves, fund balances, planning for current and future mandates along with community needs, and by investing in the sustainable growth of new and existing efficient and effective programs.

In spite of reductions over the last few years, the District has still garnered great success with continued improvements in literacy instruction; implementation of a new math program at elementary and middle school levels; partnerships with local agencies; grants to deliver new instruction at the high school level; a new pre-kindergarten program; addition of elementary PE specialists; improvements to parent access to student information; advances in providing healthy local foods to our students; new teacher and administrator growth and evaluation processes; the opening of a school-based health center; new educational enhancement grants and school beautification efforts through the Bethel Education Foundation; an active and effective College and Career Center that is successfully attaining more scholarships and support for high school students; and the list goes on. These projects are a testament to the giving heart of our staff *and* community. The Bethel family wants the very best for its kids and is seeking out opportunities to do just that. Because of these efforts our students thrive in a number of ways including statewide achievements in sports and clubs. With the support of Bethel programs and staff, our children are not only reaching for excellence, they are achieving it.

SIGNIFICANT FINANCIAL EVENTS

Sustainability is a key factor in any budget, but especially a declining revenue budget. The District has faced budget sustainability issues from the onset of the recession. These have included declining state revenue, increasing personnel costs, short-term federal and state funding, and use of District reserve funds.

During the recession, employee concessions had a significant and beneficial impact on the District's budget. The District is currently operating with three furlough days and improved teacher/student staffing ratios than those in the recession years; however, adequate and reliable state school funding is necessary to sustain these efforts.

November 6, 2012, Bethel voters approved a \$49.5 million general obligation bond for the construction of two new elementary schools, replacing 56 year old Fairfield Elementary and 54 year old Malabon Elementary School. A science wing addition was constructed at Willamette High School. Other major projects paid from the bond included: textbook adoptions, technology upgrades, roofing and security improvements throughout the District. Election results demonstrated the confidence and support voters have in the District. All eleven precincts had a wide margin of approval with an overall 73% approval rate. This was the highest in Bethel history.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bethel School District for its Comprehensive Annual Financial Report for the year ended June 30, 2017. This was the twenty second consecutive year that the District has received this prestigious recognition. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

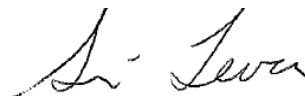
Many individuals throughout the District provided information needed for the preparation of this report. We wish to express our appreciation to the staff of Bethel's Business Services Department and Administrative Office. Staff: Nancy Porter, Bridget Wadsworth, Kathleen Larsen, Connie Quinn, Nathan Voelsch, Linda Northrup, and Jill Busby. They all played an important part in the timely and accurate preparation of this Comprehensive Annual Financial Report.

We also thank the Directors of the Bethel School Board of Education for their continued support and dedication to the financial operations of the School District.

Respectfully submitted,



Chris Parra
Superintendent



Simon Levear
Director of Business Services



Government Finance Officers Association

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

Presented to

**Lane County School District No. 52
(Bethel), Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

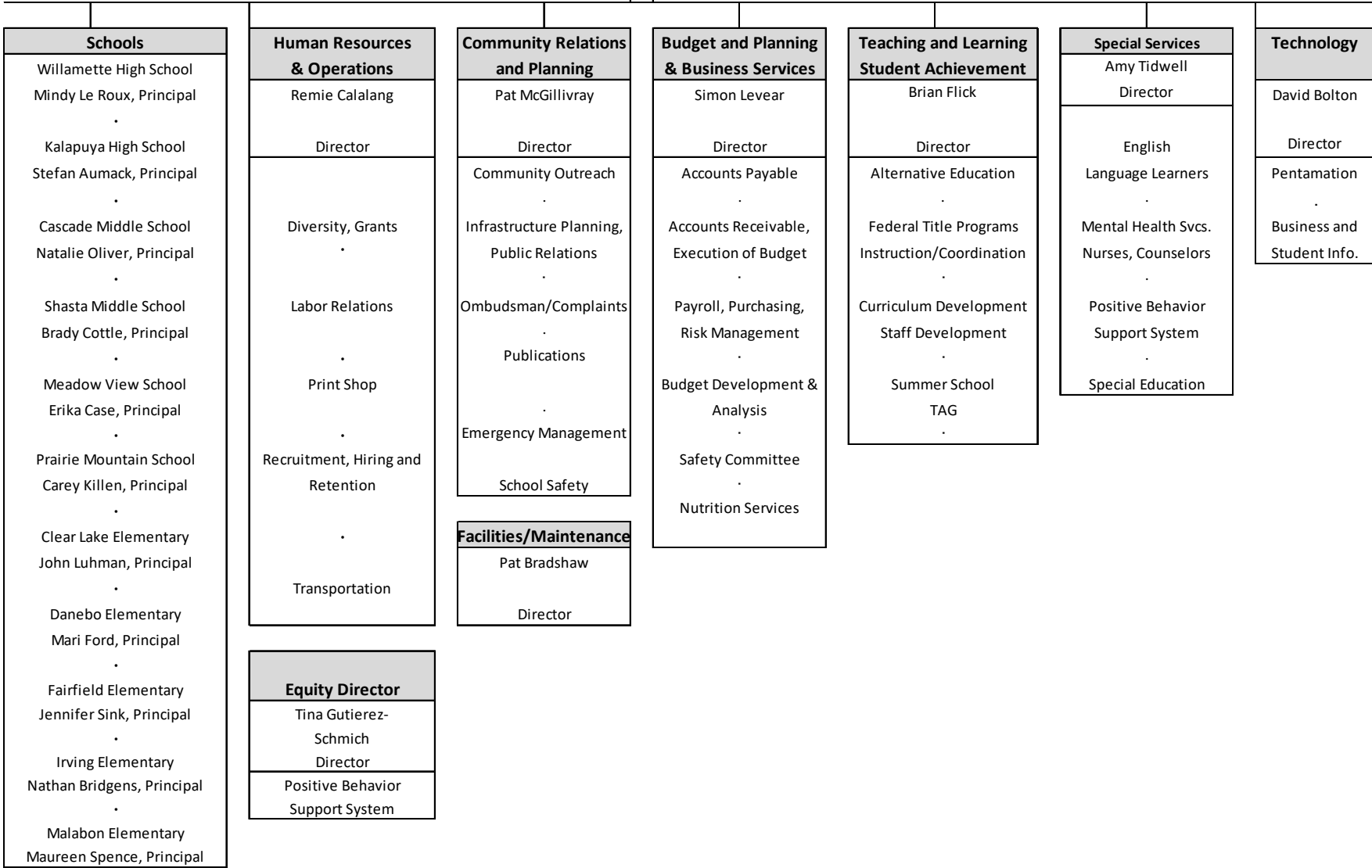
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Board of Directors							
<i>Chair</i>	Dawnja Johnson	Paul Jorgensen	Debi Farr	Alan Laisure	Rich Cunningham	Greg Nelson	Ginger Poage

Superintendent
Chris Parra



BOARD OF DIRECTORS

Dawnja Johnson 4150 Quest Drive #128 Eugene, Oregon 97402	Chairperson
Debi Farr 1929 Praslin Street Eugene, Oregon 97402	Vice-Chairperson
Rich Cunningham 4410 Royal Avenue Eugene, Oregon 97402	Director
Alan Laisure 27554 6 th Street Junction City, Oregon 97448	Director
Paul Jorgensen 4284 Avalon Avenue Eugene, Oregon 97402	Director
Greg Nelson 1234 Hilo Drive Eugene, Oregon 97404	Director
Ginger Poage 4325 Catalina Street Eugene, Oregon 97402	Director

ADMINISTRATIVE OFFICERS

Chris Parra, Superintendent-Clerk
Simon Levear, Director of Business Operations

Administrative Office
4640 Barger Drive
Eugene, Oregon 97402

FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

School Board
Bethel School District No. 52
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Bethel School District, Lane County, Oregon (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bethel School District, Lane County, Oregon as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter – Change in Accounting Principle

As discussed in notes to the basic financial statements, as of and for the year ended June 30, 2018, the District adopted new accounting guidance in implementing Government Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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 (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, other financial schedules 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

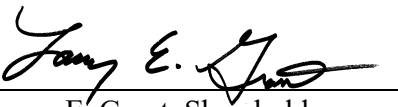
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the 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 the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 28, 2018, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, Shareholder
December 28, 2018

BETHEL SCHOOL DISTRICT No. 52
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

As management of Bethel School District No. 52 (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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found on pages 1-4 of this report.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2018 was a deficit \$7.5 million. Net position is composed of net investment in capital assets of \$30.6 million, restricted for debt service of \$0.6 million, and a deficit unrestricted net position of \$38.7 million.
- The District's total net position decreased by \$2.8 million for the fiscal year. Some factors that contributed to this change include: PERS deferred outflows decreased \$13.5 million related to the District's proportionate share of the difference between projected and actual earnings of the PERS system, offset by a \$9 million decrease in the actuarially determined PERS net pension liability, a \$1.8 million decrease in long-term debt as a result in principal payments during the year, and a \$1.2 million decrease in the actuarially determined total OPEB liability for medical subsidy.
- The District's governmental funds reported a combined ending fund balance of \$17.1 million, an increase of \$1.2 million from the prior year. Approximately 45.2 percent of this total amount, \$7.7 million, is unassigned and available for appropriation at the District's discretion.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$7.7 million, which represents about 14.5 percent of total General Fund expenditures.
- Total cost of all the District's programs was \$71.8 million for the fiscal year, a decrease of \$13.3 million (15.6 percent) from the prior year.
- The District's total long-term debt decreased by \$1.8 million (3.2 percent) during the 2017-18 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

Statement of Net Position. The *Statement of Net Position* focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference (net position). Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. The *Statement of Activities* presents information showing how the net position of the District changed over the 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).

In the government-wide financial statements, all the District's activities are shown as governmental activities.

Governmental Activities. The District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, and administration. These activities are primarily financed through Oregon's State School Fund, property taxes, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 17 and 18 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains four fund types: general operating, special revenue, debt service and capital projects. The fund financial statements are found on pages 19 through 24.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. Net position may serve as a useful indicator of a government's financial position over time. In the case of the District, net position totaled negative \$7.5 million on June 30, 2018.

Net investment in capital assets, which consist of the District's land, buildings, building improvements, site improvements, construction in progress, vehicles, and equipment less related debt. The District uses the capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable.

The District's long-term liabilities, which include repayment of long-term debt, net pension liability - PERS, total OPEB liability - medical subsidy, and total pension liability - stipends, comprise approximately 96 percent of its total liabilities. Current liabilities consist almost entirely of payables on accounts and payroll benefits.

	<u>2018</u>	<u>2017*</u>	<u>Change</u>
Current and other assets	\$ 23,189,098	\$ 22,294,555	\$ 894,543
Net OPEB asset for RHIA	117,105	-	117,105
Capital assets, net	79,673,176	79,296,438	376,738
<i>Total assets</i>	<u>102,979,379</u>	<u>101,590,993</u>	<u>1,388,386</u>
Deferred outflows	22,655,578	36,360,478	(13,704,900)
<i>Total assets and deferred outflows</i>	<u>125,634,957</u>	<u>137,951,471</u>	<u>(12,316,514)</u>
Current liabilities	5,372,588	5,455,338	(82,750)
Long-term debt	54,457,992	56,262,118	(1,804,126)
PERS net pension liability	55,111,874	64,047,150	(8,935,276)
Total pension liability for stipends	399,231	394,684	4,547
Total OPEB liability for medical subsidy	15,607,462	16,826,942	(1,219,480)
<i>Total liabilities</i>	<u>130,949,147</u>	<u>142,986,232</u>	<u>(12,037,085)</u>
Deferred inflows	2,173,523	1,280,171	893,352
<i>Total liabilities and deferred inflows</i>	<u>133,122,670</u>	<u>144,266,403</u>	<u>(11,143,733)</u>
Net position:			
Net investment in capital assets	30,572,383	30,377,559	194,824
Restricted	621,115	878,207	(257,092)
Unrestricted	(38,681,211)	(35,944,491)	(2,736,720)
<i>Total net position</i>	<u>\$ (7,487,713)</u>	<u>\$ (4,688,725)</u>	<u>\$ (2,798,988)</u>

*Net position has been restated. See description in the notes to the financial statements.

Statement of Activities. During the 2017-18 fiscal year, the District's net position decreased by \$2.8 million. The key elements in this change are the net effect of the following:

- Total revenues for the District's governmental activities increased 6.1 percent.
- Total expenses for the District's governmental activities decreased 18.4 percent

Bethel School District No. 52
Statements of Activities
June 30,

	<u>2018</u>	<u>2017*</u>	<u>Change</u>
Revenues			
Program revenues			
Charges for services	\$ 1,712,526	\$ 2,548,294	\$ (835,768)
Operating grants and contributions	6,481,217	6,350,554	130,663
General revenues			
Property taxes	19,740,549	18,912,868	827,681
State school fund	38,659,745	34,751,908	3,907,837
Other	2,449,797	2,505,694	(55,897)
<i>Total revenues</i>	<u>69,043,834</u>	<u>65,069,318</u>	<u>3,974,516</u>
Expenses			
Instructional services	40,768,082	49,487,823	(8,719,741)
Support services	23,753,421	26,735,107	(2,981,686)
Other	5,484,595	7,015,835	(1,531,240)
Interest on long-term liabilities	1,836,724	1,867,984	(31,260)
<i>Total expenses</i>	<u>71,842,822</u>	<u>85,106,749</u>	<u>(13,263,927)</u>
Change in net position	(2,798,988)	(20,037,431)	17,238,443
Net position, beginning of year	(4,688,725)	15,348,706	(20,037,431)
Net position, end of year	<u>\$ (7,487,713)</u>	<u>\$ (4,688,725)</u>	<u>\$ (2,798,988)</u>

*Net position has been restated. See description in the notes to the financial statements.

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, fund balance may serve as a useful measure of a government's 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 \$17.1 million.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2018, unassigned fund balance was \$7.7 million. As a measure of the fund's liquidity, it may be useful to compare unassigned fund balance to total fund revenues. Unassigned fund balance represents 14.0 percent of total General Fund revenues.

The fund balance increased by \$1.5 million during the current fiscal year. The change is attributed in part to an increase in revenue from state sources during the year.

Special Revenue Fund. The Special Revenue Fund has a total fund balance of \$3.9 million at the end of the fiscal year. The fund balance increased approximately \$1.4 million as a result of proceeds received from new debt issued and an increase in transfers in during the year.

Special Projects Fund. The Special Projects Fund has a total fund balance of \$3.2 million at the end of the fiscal year. The fund balance decreased approximately \$53 thousand as a result of a decrease in charges for services revenue received during the year.

Capital Projects Fund. The Capital Projects Fund has a total fund balance of \$1.7 million, all of which is restricted for construction and remodeling of District facilities. The Capital Projects Fund was added in 2013 to support capital projects utilizing a portion of the April 2013 and all of the December 2013 general obligation bonds. These proceeds are being used to support school level security upgrades, district-wide technology upgrades, district wide maintenance projects, and architectural and engineering service. The fund balance decreased by \$1.5 million due to the expenditure of previously recognized bond proceeds.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$381 thousand at the end of the fiscal year. The fund balance decreased approximately \$183 thousand as a result of scheduled debt payments that were made during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there were two transfers of appropriations by resolution affecting the original General Fund budget.

Final budget compared to actual results. The most significant difference between estimated revenue and actual revenue was state source revenue. Actual revenue was \$1.2 million higher than anticipated, mostly due to higher than expected state school support, unexpected federal funds, and greater than anticipated investment earnings.

Actual total expenditures were within appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District’s investment in capital assets includes land, buildings and improvements, site improvements, and equipment and vehicles. As of June 30, 2018, the District had invested \$79.7 million in capital assets, net of accumulated depreciation.

**Capital Assets
(net of depreciation)**

June 30,

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land and improvements	\$ 3,100,575	\$ 2,919,376	\$ 181,199
Construction in process	424,208	379,970	44,238
Building and improvements, equipment and vehicles	107,362,882	104,913,476	2,449,406
Accumulated depreciation	(31,214,489)	(28,916,384)	(2,298,105)
Total	<u>\$ 79,673,176</u>	<u>\$ 79,296,438</u>	<u>\$ 376,738</u>

Additional information on the District’s capital asset activity can be found on page 34.

Long-term debt. During the year ended June 30, 2018, \$3.1 million of principal was paid on long-term debt and \$1.6 million of new debt was issued to finance the purchase of new buses. At June 30, 2018, the District had total bonded debt outstanding of \$49.7 million.

Additional information on the District's long-term debt can be found on pages 35 and 36.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund formula. The formula consists of a General Purpose Grant, a Transportation Grant, and certain local revenues. For the year ended June 30, 2018, the State School Fund General Purpose Grant provided approximately 56 percent of the District's total revenues, and 71 percent of the District's General Fund revenues. The District is expecting flat revenue from the State School Fund for the year ended June 30, 2019, based on current projections for the 2017-2019 biennium from the State of Oregon Legislative Revenue Office. The state economic forecast reveals a slow recovery and an increase in State School funding for the District for the next few biennia.

Total enrollment in 2017-18 decreased 24.08 ADM (average daily membership) from the previous year. Enrollment is expected to decrease in 2018-19 due to the birth rates in Lane County.

The District has analyzed its financial holdings and doesn't anticipate any liquidity problems in the next twelve months.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2018-19 fiscal year.

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 the District's Director of Business Services, at 4640 Barger Drive, Eugene, and Oregon 97402.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash and investments	\$ 20,157,367
Receivables	2,979,365
Inventories	52,366
Net OPEB asset - RHIA	117,105
Capital assets not being depreciated	
Land	3,100,575
Construction in progress	424,208
Capital assets, net of accumulated depreciation	
Buildings	73,544,702
Equipment and vehicles	2,603,691
	<hr/>
<i>Total Assets</i>	102,979,379

DEFERRED OUTFLOWS OF RESOURCES

PERS deferred outflows	21,993,069
OPEB deferred outflows	133,550
Deferred amount on refunding	528,959
	<hr/>
<i>Total Deferred Outflows of Resources</i>	22,655,578
	<hr/>
<i>Total Assets and Deferred Outflows of Resources</i>	125,634,957

LIABILITIES

Accounts payable and accrued liabilities	4,459,772
Accounts payable to other governments	41,748
Unearned revenue	297,654
Accrued compensated absences	486,427
Accrued interest	86,987
Long-term liabilities	
Portion due within one year	3,440,249
Portion due in more than one year	51,017,743
Net pension liability - PERS	55,111,874
Total OPEB liability - medical subsidy	15,607,462
Total pension liability - stipends	399,231
	<hr/>
<i>Total Liabilities</i>	130,949,147

DEFERRED INFLOWS OF RESOURCES

PERS deferred inflows	2,116,984
OPEB deferred inflows	56,539
	<hr/>
<i>Total Liabilities and Deferred Inflows of Resources</i>	133,122,670

NET POSITION

Net investment in capital assets	30,572,383
Restricted for debt service	621,115
Unrestricted	(38,681,211)
	<hr/>
<i>Total Net Position</i>	<u>\$ (7,487,713)</u>

The accompanying notes are an integral part of the financial statements.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Program Revenues</u>			<i>Net (Expense) Revenue and Change in Net Position</i>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Instructional services	\$ 40,768,082	\$ 1,297,221	\$ 6,407,070	\$ (33,063,791)
Support services	23,753,421	124,444	50,120	(23,578,857)
Enterprise and community services	3,142,288	290,861	24,027	(2,827,400)
Facilities maintenance services	2,342,307	-	-	(2,342,307)
Interest on long-term liabilities	1,836,724	-	-	(1,836,724)
<i>Total Governmental Activities</i>	<u>\$ 71,842,822</u>	<u>\$ 1,712,526</u>	<u>\$ 6,481,217</u>	<u>(63,649,079)</u>
General Revenues:				
Property taxes, levied for general purposes				14,977,715
Property taxes, levied for debt service				4,762,834
Construction excise tax				255,323
State school fund				38,659,745
Common school fund				623,529
Unrestricted state and local funds				554,214
Earnings on investments				463,102
Miscellaneous				546,446
Gain on sale of assets				7,183
<i>Total General Revenues</i>				<u>60,850,091</u>
<i>Change in net position</i>				(2,798,988)
<i>Net position - beginning of the year, as originally reported</i>				7,487,449
<i>Reduction due to change in accounting principle</i>				(12,176,174)
<i>Net position - beginning as restated</i>				<u>(4,688,725)</u>
<i>Net position - ending</i>				<u>\$ (7,487,713)</u>

The accompanying notes are an integral part of the financial statements.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Special Revenue</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Projects</u>
ASSETS			
Cash and investments	\$ 11,545,201	\$ 3,379,929	\$ 3,074,846
Property taxes receivable	994,134	-	10,948
Advances to other funds	256,000	-	104,000
Other receivables	394,001	1,197,493	39,338
Inventories	-	52,366	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 13,189,336	\$ 4,629,788	\$ 3,229,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 188,207	\$ 45,174	\$ 9,178
Advances from other funds	360,000	-	-
Accounts payable to other governments	29,833	-	-
Accrued expenses	-	-	-
Accrued salaries and benefits	3,667,136	426,497	27,260
Unearned revenue	1,430	295,686	538
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	4,246,606	767,357	36,976
Deferred Inflows of Resources			
Unavailable revenue - property taxes	944,593	-	-
Fund Balance			
Non-spendable:			
Non-spendable inventory	-	52,366	-
Long-term interfund advances	256,000	-	104,000
Restricted for:			
Debt service	-	-	-
Capital projects	-	-	-
Committed to:			
Grants	-	2,068,568	-
Insurance services	-	791,604	-
Assigned	4,188	949,893	3,088,156
Unassigned	7,737,949	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	7,998,137	3,862,431	3,192,156
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$ 13,189,336	\$ 4,629,788	\$ 3,229,132

<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total</i>
\$ 376,566	\$ 1,780,825	\$ 20,157,367
343,451	-	1,348,533
-	-	360,000
-	-	1,630,832
-	-	52,366
<hr/>	<hr/>	<hr/>
\$ 720,017	\$ 1,780,825	\$ 23,549,098
<hr/>	<hr/>	<hr/>
\$ -	\$ 90,069	\$ 332,628
-	-	360,000
11,915	-	41,748
-	2,698	2,698
-	3,553	4,124,446
-	-	297,654
<hr/>	<hr/>	<hr/>
11,915	96,320	5,159,174
327,058	-	1,271,651
-	-	52,366
-	-	360,000
381,044	-	381,044
-	1,684,505	1,684,505
-	-	2,068,568
-	-	791,604
-	-	4,042,237
-	-	7,737,949
<hr/>	<hr/>	<hr/>
381,044	1,684,505	17,118,273
<hr/>	<hr/>	<hr/>
\$ 720,017	\$ 1,780,825	\$ 23,549,098
<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET
POSITION
YEAR ENDED JUNE 30, 2018

FUND BALANCES		\$ 17,118,273
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 110,887,665	
Accumulated depreciation	<u>(31,214,489)</u>	79,673,176
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		1,271,651
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. During refunding of debt, the difference between the net carrying amount of the old debt and the reacquisition price (amount transferred to escrow for payment of the old debt) is deferred interest and is amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt.		
These liabilities consist of:		
Accrued interest	(86,987)	
Accrued compensated absences	(486,427)	
Bonds payable	(54,457,992)	
Less deferred amount from refunding	<u>528,959</u>	(54,502,447)
Long-term pension assets / liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources.		
These consist of:		
Net pension liability - PERS	(55,111,874)	
Total pension liability - stipends	(399,231)	
Deferred inflows of resources related to PERS	(2,116,984)	
Deferred outflows of resources related to PERS	<u>21,993,069</u>	(35,635,020)
Long-term OPEB liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources.		
These consist of:		
Net OPEB asset - RHIA	117,105	
Total OPEB liability - medical subsidy	(15,607,462)	
Deferred inflows of resources related to RHIA	(56,539)	
Deferred outflows of resources related to RHIA	<u>133,550</u>	<u>(15,413,346)</u>
TOTAL NET POSITION		<u>\$ (7,487,713)</u>

The accompanying notes are an integral part of the financial statements.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Special Projects</u>
REVENUES			
Property taxes	\$ 15,155,288	\$ -	\$ -
Construction excise tax	-	-	255,323
Intergovernmental			
Intermediate sources	85,419	1,505,290	-
State sources	39,312,189	568,847	-
Federal sources	245,157	5,726,504	76,696
Charges for services	42,075	290,861	1,342,131
Contributions	-	32,484	50,868
Investment earnings	342,308	13,968	27,041
Miscellaneous	254,596	231,578	237,655
<i>Total Revenues</i>	<u>55,437,032</u>	<u>8,369,532</u>	<u>1,989,714</u>
EXPENDITURES			
Current			
Instruction	31,432,015	3,841,991	1,626,228
Support services	21,472,618	1,320,466	307,627
Enterprise and community services	104,785	2,753,146	71,794
Facilities acquisition and construction	-	113,379	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	538,605	718,003	239,850
<i>Total Expenditures</i>	<u>53,548,023</u>	<u>8,746,985</u>	<u>2,245,499</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,889,009	(377,453)	(255,785)
OTHER FINANCING SOURCES (USES)			
Issuance of long term debt	-	1,600,000	-
Transfers in	70,355	187,160	227,459
Transfers out	(436,403)	(24,233)	(24,338)
Sale of or compensation for loss of capital assets	1,683	5,500	-
<i>Total Other Financing Sources (Uses)</i>	<u>(364,365)</u>	<u>1,768,427</u>	<u>203,121</u>
NET CHANGE IN FUND BALANCES	1,524,644	1,390,974	(52,664)
FUND BALANCES, beginning of year	<u>6,473,493</u>	<u>2,471,457</u>	<u>3,244,820</u>
FUND BALANCES, ending	<u>\$ 7,998,137</u>	<u>\$ 3,862,431</u>	<u>\$ 3,192,156</u>

<i><u>Debt Service</u></i>	<i><u>Capital Projects</u></i>	<i><u>Total</u></i>
\$ 4,842,941	\$ -	\$ 19,998,229
-	-	255,323
-	-	1,590,709
-	-	39,881,036
-	-	6,048,357
-	-	1,675,067
-	-	83,352
42,104	37,681	463,102
2,501	11	726,341
<u>4,887,546</u>	<u>37,692</u>	<u>70,721,516</u>
-	-	36,900,234
-	-	23,100,711
-	-	2,929,725
-	1,488,196	1,601,575
3,053,909	-	3,053,909
2,016,200	-	2,016,200
-	-	1,496,458
<u>5,070,109</u>	<u>1,488,196</u>	<u>71,098,812</u>
(182,563)	(1,450,504)	(377,296)
-	-	1,600,000
-	-	484,974
-	-	(484,974)
-	-	7,183
<u>-</u>	<u>-</u>	<u>1,607,183</u>
(182,563)	(1,450,504)	1,229,887
563,607	3,135,009	15,888,386
<u>\$ 381,044</u>	<u>\$ 1,684,505</u>	<u>\$ 17,118,273</u>

The accompanying notes are an integral part of the financial statements.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCES		\$ 1,229,887
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>		
Expenditures for capital assets	\$ 2,674,843	
Less current year depreciation	<u>(2,298,105)</u>	376,738
<p>Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceeded proceeds:</p>		
General financing proceeds	(1,600,000)	
Debt principal repaid	3,053,909	
Amortization of bond premium	350,217	
Amortization of deferred interest from refunding	<u>(176,319)</u>	1,627,807
<p>In the Statement of Activities, interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.</p>		
		5,578
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
		(257,680)
<p>In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes:</p>		
Net change in net pension liability - PERS	8,935,276	
Net change in PERS deferred outflows of resources	(13,522,687)	
Net change in PERS deferred inflows of resources	(836,813)	
Net change in total pension liability - stipends	<u>(4,547)</u>	(5,428,771)
<p>In the Statement of Activities, OPEB expense is adjusted based on the actuarially determined contribution changes:</p>		
Net change in net OPEB liability/asset - RHIA	196,459	
Net change in OPEB deferred outflows of resources	(5,894)	
Net change in OPEB deferred inflows of resources	(56,539)	
Net change in total OPEB liability - medical subsidy	<u>(486,081)</u>	(352,055)
<p>Compensated absences are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned.</p>		
		<u>(492)</u>
CHANGE IN NET POSITION		<u>\$ (2,798,988)</u>

The accompanying notes are an integral part of the financial statements.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bethel School District No. 52 (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-Clerk. 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. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

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 the governmental financial activities of the overall 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, except that interfund services are not eliminated. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided and (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 is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. 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. For reporting purposes the General Fund also includes the Insurance Reserve Fund. This fund accounts for insurance related activities. The major source of revenue is from interfund transfers or insurance claim proceeds.

Special Revenue Fund - This fund is used to account for the expenditures and receipts of various local, state and federal grants and projects.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Special Projects Fund - This fund is used for various special programs administered by the District. This fund's principal revenue sources are fees from student activities.

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation bonded debt. This fund's principal revenue sources are property taxes. This fund is presented as major due to the importance of the fund.

Capital Projects Fund - This fund accounts for the construction and rehabilitation of District schools. This fund's primary source of revenue is general obligation bond proceeds. This fund is presented as major due to the importance of the fund.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and Investments

The District's cash consist of cash on hand, demand and time deposits. The District's investments consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost which approximates fair value.

Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable (Continued)

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of state school support and claims for reimbursement of costs under various federal and state grants. At June 30, 2018, no allowance for doubtful accounts is considered necessary.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Inventories

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value on the date donated. The District defines capital assets as individual assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 to 60 years
Equipment and vehicles	3 to 20 years

Retirement Plans

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plans (Continued)

The District also offers its employees a tax-deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code and a deferred compensation plan established pursuant to Section 457 of the Internal Revenue Code.

Other Postemployment Benefits

The District currently maintains an early retirement program which provides for payment of stipends and/or health insurance benefits to qualified employees. The District's employees who elect retirement are entitled to participate in the District's group medical insurance plan as provided by Oregon Revised Statutes.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave payment as the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. These obligations will be paid from the fund from which employee wages are charged. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Compensated absences will be paid from general revenues and are expected to be paid within 12 months.

Governmental Fund Balances

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental Fund type fund balances are classified as follows:

- **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.
- **Restricted** – Amounts that can be spent only for specific purposes when the constraints placed on the use of these resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – Amounts that can be used only for specific purposes determined by a formal action (resolution) of the School Board. The School Board can modify or rescind the commitment at any time through taking a similar formal action.
- **Assigned** - Amounts that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the School Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Director of Business Services uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

- **Unassigned** – All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund. In addition, certain funds budgeted as Special Revenue Funds are reported as part of the General Fund because their source of funds is primarily transfers from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenues sources” means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years should also be reported in debt service funds.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types, except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, one appropriation transfer was made and one supplemental budget was adopted. Appropriations lapse at the end of each fiscal year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) so will not be recognized as an outflow of resources (expense) until that time. The District has three items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports one type related to the net RHIA OPEB liability or asset, one type related to the PERS net pension liability and one type related to the bond refunding. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The balance sheet reports unavailable revenues from one source: property taxes. The statement of net position reports one type related to the net RHIA OPEB liability and one type related to the net PERS pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CASH AND INVESTMENTS

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund’s portion of the pool is displayed in the basic financial statements as “cash and investments.”

Cash and investments are comprised of the following as of June 30, 2018:

Cash and Deposits	
Cash on hand	\$ 2,447
Deposits with financial institutions	2,252,968
Investments	
Local Government Investment Pool	17,901,952
	<u>17,901,952</u>
	<u>\$ 20,157,367</u>

Deposits

At June 30, 2018, the District's deposits with various financial institutions had a bank value of \$3,121,427 and a book balance of \$2,252,968. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all demand accounts and the aggregate of all savings and time deposits accounts at each institution. Deposits not covered, if any, are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. At June 30, 2018, the balance covered by the PFCP was \$2,262,958.

Credit Risk

Oregon Revised Statutes authorize school districts to invest in obligations of the U.S. Treasury, agencies and instrumentalities of the United States, commercial paper, bankers' acceptances guaranteed by a qualified financial institution, repurchase agreements, interest bearing bonds of any city, county, port or school district in Oregon (subject to specific standards), and the Oregon State Local Government Investment Pool, among others. The Board of Education has adopted an investment policy for the District, which complies with state statutes, as it relates to the credit risk of investments.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CASH AND INVESTMENTS (Continued)

Investments

As of June 30, 2018, the District held the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Weighted average maturity in years</u>	<u>% of investment portfolio</u>
Local Government Investment Pool	\$ 17,901,952	0.003	100.0%

The "weighted average maturity in years" calculation assumes that all investments are held until maturity. The Oregon Local Government Investment Pool is unrated.

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by structuring the investment portfolio, so that securities mature to meet the cash flow needs of ongoing operations. The District's investment policy also limits investments as follows:

<u>Investment type</u>	<u>Maximum % of portfolio</u>	<u>Maximum length to maturity</u>
U.S. Treasury Obligations	100 %	18 months
U.S. Government Agency Securities	100	18 months
Banker's Acceptances	25	18 months
Certificate of Deposits	25	18 months
Repurchase Transactions	25	18 months
Commercial Paper	25	18 months
Corporate Notes	10	18 months
Local Government Investment Pool	100	1 day

The LGIP investment is limited by Oregon Statute to an amount in excess of \$40 million, which amount will increase proportionately to the Portland Consumer Price Index. The limit can be temporarily exceeded for ten business days and does not apply either to pass-through funds or to funds invested on behalf of another governmental unit.

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The funds deposited in the Local Government Investment Pool are recorded at cost, which approximates fair value. At June 30, 2018, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the pool shares. The funds in the Local Government Investment Pool are not subject to risk evaluation.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CASH AND INVESTMENTS (Continued)

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

At June 30, 2018, the District's investments were rated as follows:

<i>Investment type</i>	<i>Rating by Moody's</i>			<i>Not rated</i>	<i>Total</i>
	<i>Aaa</i>	<i>Aa1</i>	<i>Aa3</i>		
Local Government Investment Pool	\$ -	\$ -	\$ -	\$ 17,901,952	\$ 17,901,952

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<i>Balance July 1, 2017</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2018</i>
Capital assets not being depreciated:				
Land	\$ 2,919,376	\$ 181,199	\$ -	\$ 3,100,575
Construction in process	379,970	1,178,384	(1,134,146)	424,208
<i>Total capital assets not being depreciated</i>	3,299,346	1,359,583	(1,134,146)	3,524,783
Capital assets being depreciated:				
Buildings and improvements	101,767,474	1,052,475	-	102,819,949
Equipment	1,213,734	805,052	-	2,018,786
Vehicles	1,932,268	591,879	-	2,524,147
<i>Total capital assets being depreciated</i>	104,913,476	2,449,406	-	107,362,882
Less accumulated depreciation for:				
Buildings and improvements	(27,287,949)	(1,987,298)	-	(29,275,247)
Equipment	(521,866)	(171,718)	-	(693,584)
Vehicles	(1,106,569)	(139,089)	-	(1,245,658)
<i>Total accumulated depreciation</i>	(28,916,384)	(2,298,105)	-	(31,214,489)
<i>Total capital assets being depreciated, net</i>	75,997,092	151,301	-	76,148,393
<i>Total capital assets, net</i>	<u>\$ 79,296,438</u>	<u>\$ 1,510,884</u>	<u>\$ (1,134,146)</u>	<u>\$ 79,673,176</u>

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

<i>Program</i>	
Instructional services	\$ 9,478
Support services	
Pupil transportation	108,771
Other support services	132,357
Enterprise and community services	
Food services	16,691
Other enterprise and community services	8,905
Facilities maintenance services	2,021,903
<i>Total</i>	<u>\$ 2,298,105</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2018:

	<i>Original Issue</i>	<i>Balance July 1, 2017</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2018</i>	<i>Due Within One Year</i>
General obligation bonds, Series 2013	\$ 20,860,000	\$ 12,435,000	\$ -	\$ 2,730,000	\$ 9,705,000	\$ 675,000
General obligation bonds, Series 2013 B & C	39,496,166	36,286,166	-	74,909	36,211,257	2,375,000
General obligation refunding bonds, Series 2016	4,162,000	4,038,000	-	249,000	3,789,000	249,000
<i>Total bonds</i>		52,759,166	-	3,053,909	49,705,257	3,299,000
Full Faith and Credit Agreement, Series 2018	1,600,000	-	1,600,000	-	1,600,000	141,249
<i>Total</i>		52,759,166	1,600,000	3,053,909	51,305,257	3,440,249
Issuance premium, Series 2013		1,112,515	-	209,603	902,912	-
Issuance premium, Series 2013 B & C		2,390,437	-	140,614	2,249,823	-
<i>Total</i>		<u>\$ 56,262,118</u>	<u>\$ 1,600,000</u>	<u>\$ 3,404,126</u>	<u>\$ 54,457,992</u>	<u>\$ 3,440,249</u>
General obligation bonds, Series 2013 - issued April 2013, due in annual installments of \$675,000 to \$2,730,000, plus interest paid semi-annually at 1.25% to 5.0% through 2028.					\$ 9,705,000	
General obligation bonds, Series 2013 B & C - issued December 2013, due in annual installments of \$75,000 to \$5,345,000 plus interest paid semi-annually at 1.47% to 5.0% through 2034.					36,211,257	
General obligation bonds, Series 2016 - issued November 2016, due in annual installments of \$249,000 to \$1,803,000 plus interest paid semi-annually at 1.44% through 2021.					3,789,000	
Full faith and credit agreement, Series 2018 - issued May 2018, due in annual installments of \$141,249 to \$ 180,152 plus interest paid semi-annually at 2.74% through 2028.					1,600,000	
Issuance premium, Series 2013 - amortized through 2028.					902,912	
Issuance premium, Series 2013 B & C - amortized through 2034.					2,249,823	
					<u>\$ 54,457,992</u>	

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 3,440,249	\$ 2,116,290	\$ 5,556,539
2020	3,532,342	2,160,635	5,692,977
2021	3,659,745	2,189,607	5,849,352
2022	1,940,886	2,193,002	4,133,888
2023	2,402,377	1,850,711	4,253,088
2024-2028	13,164,658	9,996,434	23,161,092
2029-2033	21,030,000	4,667,250	25,697,250
2034	2,135,000	267,250	2,402,250
	<u>\$ 51,305,257</u>	<u>\$ 25,441,179</u>	<u>\$ 76,746,436</u>

Defeased General Obligation Bonds

In previous years, the District defeased general obligation bonds outstanding by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in the District's basic financial statements. At June 30, 2018, defeased general obligation bonds outstanding were \$3,210,000.

2016 Advance Refunding

On November 9, 2016, the District issued \$4,162,000 General Obligation Refunding Bonds, Series 2016 to advance refund portions of the outstanding 2013 B series bonds. The net proceeds of \$4,091,597 (after payment of \$70,403 in underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for certain outstanding debt service payments of the 2013 bonds until called on June 15, 2024.

The advanced refunding reduced the total debt service payments over the next five years by \$332,000 and obtained an economic gain defined as the difference between the present values of the debt service payments on the old and new debt, of approximately \$879,000. The deferred amount on refunding as of June 30, 2018 was \$528,959, net of accumulated amortization of \$352,639.

COMPENSATED ABSENCES

The General Fund is the primary fund where the compensated absences liability is liquidated.

Compensated absences activity for the year is as follows:

<i>Outstanding July 1, 2017</i>	<i>Increases</i>	<i>Decreases</i>	<i>Outstanding June 30,</i>	<i>Amount Due in One Year</i>
\$ 485,935	\$ 303,349	\$ 302,857	\$ 486,427	\$ 486,427

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

INTERFUND ADVANCES

Interfund advances for the year ended June 30, 2018 are as follows:

	<u>Advances from other funds</u>	<u>Advances to other funds</u>
General	\$ 360,000	\$ 256,000
Special Projects	-	104,000
	<u>\$ 360,000</u>	<u>\$ 360,000</u>

The Special Projects Fund loaned a total of \$156,000 to the Insurance Reserve Fund to finance the purchase of a high volume cutsheet printer. Of the \$104,000 remaining balance, \$52,000 is not scheduled to be collected in the subsequent year.

The Insurance Reserve Fund loaned a total of \$320,000 to the General Fund to finance the purchase of new accounting software and an overall technology upgrade. Of the \$256,000 remaining balance, \$192,000 is not scheduled to be collected in the subsequent year.

The Insurance Reserve Fund is presented with the General Fund under the provisions of GASB Statement No. 54. Both advances were made with zero percent interest and are expected to be fully paid by 2022.

INTERFUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 70,355	\$ 436,403
Special Revenue	187,160	24,233
Special Projects	227,459	24,338
	<u>\$ 484,974</u>	<u>\$ 484,974</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLANS

Early Retirement Incentives (Stipends)

Description - The District maintains a single-employer early retirement supplement program for eligible employees of the District. The program generally covers licensed and administrative staff that have completed twelve years of continuous service and have reached retirement age. Licensed staff with a least 30 years of service can retire at any age. Upon reaching age 58, an employee may elect retirement. In addition, an employee may elect to retire as early as age 55 with a reduced stipend. A stipend is paid to the participant until age 62, unless the District receives notification of eligibility for unemployment payments filed with the State Employment Services. At that time, stipend payments cease. This pension-type benefit is required to be valued under GASB Statement No. 73. The District does not issue a standalone report for this plan.

Funding Policy

The District provides payments in accordance with current contracts on a pay-as-you-go basis. At June 30, 2018, the District was providing early retirement benefits to 13 former licensed teachers or administrators, and there were 322 active administrators and licensed staff.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. Instead, the activities of the plan are reported in the Governmental Funds as the incentive payments are paid. During the year ended June 30, 2018, governmental fund expenditures related to early retirement stipend benefits totaled \$27,973.

Total Pension Liability Related to Stipends

The District's total pension liability for stipends of \$399,231 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017 using the Entry Age Normal Level Percent of Pay Cost Method.

Actuarial assumptions and other inputs

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increases, average, including inflation	3.50%
Discount rate	3.75%

- The discount rate is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The index used is the Bond Buyer 20-Year GO Municipal Bond Index.
- Employer funding policy is on a pay-as-you-go cash basis.
- Mortality rates were generally the same rates as used in the December 31, 2015 PERS actuarial valuation.
- The actuarial assumptions used in the July 1, 2017 valuation were based on those developed in the most recent experience study for Oregon PERS.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSIONS (Continued)

Changes in the Total Pension Liability for Stipends

	Total Pension Liability - Stipends
Balance at July 1, 2017	\$ 394,684
Changes for the year:	
Service cost	17,908
Interest on Total Pension Liability	14,612
Benefit payments - Stipends	(27,973)
Net changes	4,547
Total pension liability at end of the year	<u>\$ 399,231</u>

The 3.75 percent discount rate assumption is the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This rate was increased from 3.0 percent in the 2015 valuation to reflect the requirements of GASB Statement No. 73.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the District, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount Rate</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
Total Pension Liability on June 30, 2018	\$ 424,690	\$ 399,231	\$ 374,909

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Stipends

For the year ended June 30, 2018, the District recognized stipend pension expense of \$32,520. At June 30, 2018, there were no deferred outflows of resources or deferred inflows of resources related to stipends.

Oregon Public Employees Retirement Plan

Plan Description - The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.aspx>

PENSIONS (Continued)

PERS Pension (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

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

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

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

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

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

PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. The 2003 Oregon Legislature passed PERS reform legislation that essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

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

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

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

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

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

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

Benefit Changes After Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$6,501,137, excluding amounts to fund employer specific liabilities. Employer pension expense of \$5,424,224 was recognized during the reporting period.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Contributions (Continued)

At June 30, 2018 the District reported a net pension liability of \$55,111,874 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.41 percent.

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred (Inflow) of Resources</u>	<u>Net</u>
Difference between expected and actual experience	\$ 2,665,234	\$ -	
Changes in assumptions	10,045,912	-	
Changes in proportionate share	-	(1,960,324)	
Net difference between projected and actual earnings on pension plan investments	567,782	-	
Differences between District contributions and proportionate share of contributions	<u>2,213,004</u>	<u>(156,660)</u>	
Subtotal - Amortized Deferrals (below)	15,491,932	(2,116,984)	<u>\$ 13,374,948</u>
District contributions subsequent to measurement date	<u>6,501,137</u>	<u>-</u>	
Net deferred outflow (inflow) of resources	<u>\$ 21,993,069</u>	<u>\$ (2,116,984)</u>	

Deferred outflows of resources related to PERS of \$6,501,137 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net PERS liability in the year June 30, 2019. Other amounts reported as deferred outflows or inflow of resources related to PERS will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 2,581,050
2019	7,090,726
2020	4,891,826
2021	(1,267,718)
2022	79,064
Total	<u>\$ 13,374,948</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB Statement No. 68 reporting summary dated February 20, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.aspx>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Actuarial Valuations

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier 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 (estimated amount necessary to finance benefits earned by employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 2015
Actuarial Assumptions	
Actuarial cost method	Entry age normal
Inflation Rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale 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, 95% for females) of the RP-2000 Six-distinct, generational per Scale BB, disabled mortality table.</p>

(Source: June 30, 2017 PERS CAFR; page 65)

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

PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

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

Depletion Date Projection - GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2017 PERS CAFR; page 66)

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	Current Year Target
Cash	0.0 - 3.0 %	0.0 %
Debt Securities	15.0 - 25.0	20.0
Public Equity	32.5 - 42.5	37.5
Real Estate	9.5 - 15.5	12.5
Private Equity	13.5 - 21.5	17.5
Alternative Equity	0.0 - 12.5	12.5
Opportunity Portfolio	0.0 - 3.0	0.0
Total		100.0 %

(Source: June 30, 2017 PERS CAFR; page 92)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. 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.

(Source: June 30, 2017 PERS CAFR; page 65-66)

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds - Diversified	2.50	4.94	4.64	8.09
Hedge Funds - Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014, and the revised allocation was adopted at the June 3, 2015 OIC Meeting.

(Source: June 30, 2017 PERS CAFR; page 69; Table 34)

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

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability (asset)	\$ 93,920,696	\$ 55,111,874	\$ 22,660,512

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700,

<http://www.oregon.gov/PERS/pages/index.aspx>

OPSRP Individual Account Program (OPSRP IAP)

Plan Description – ORS Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of Oregon PERS, and is administered by the Oregon PERS Board.

Pension Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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

Contributions – The District pays or “picks up” 6 percent of the employees’ covered payroll. The District paid \$1,718,511 in employee contributions for the year ended June 30, 2018.

OTHER POSTEMPLOYMENT BENEFITS (OPEBs)

The District offers a postemployment health insurance subsidy and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	<u>Medical Subsidy</u>	<u>Retiree Health Insurance Account (RHIA)</u>
Total OPEB Liability	\$ 15,607,462	\$ -
Net OPEB Asset	-	117,105
OPEB Deferred Outflows of Resources	-	133,550
OPEB Deferred Inflows of Resources	-	56,539

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Post-Employment Healthcare Benefits (Medical Subsidy)

The Post-Employment Healthcare Benefits (Medical Subsidy) for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution toward eligible participants' medical premiums.

As of the valuation date of July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	66
Active employees	645
	711

Plan Description - Explicit Subsidy - The District maintains a single-employer early retirement supplement program for its employees. This program covers full-time licensed, administrative and eligible confidential personnel of the District who retire with at least 12 years of regular service to the District. Benefits are offered until age 65 or death. The District does not issue a standalone report for this plan. This optional early retirement program provides the employee with the following:

- For eligible licensed employees the aggregate increased cost of a retiree's program (stipend plus insurance) shall no exceed 5% (6% for employees who retire prior to June 30, 2003) in any one year.
- For eligible confidential employees the District shall pay no more than 15% of the employee's last annual salary.
- For eligible administrators, out-of-pocket premiums will be the same for the duration of early retirement benefits as the out-of-pocket premium amount during the last year of active duty.

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.

Plan Description - Implicit Subsidy - The District operates a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements and Oregon State law. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. 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.

Eligible retirees and their dependents under age 65 are allowed to continue to enroll in the same healthcare coverage as offered to active employees. The retiree's coverage selection is available only upon retirement although coverage can continue until the retiree's age 65. The spouse's coverage is available until the spouse's age 65 but also must be selected at the time of retirement. Following the retiree's death or attainment of age 65, the retiree's spouse can continue full coverage until the spouse's age 65. The retiree or surviving spouse is responsible for paying the full premium at the applicable tier. 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 subsidy. Eligibility is determined by:

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

- For administrators and classified members, the employee must retire with an immediate service or disability retirement benefit under the Oregon Public Employees Retirement System (OPERS)
- For certified members, the employee must retire with an immediate service benefit under OPERS, or be eligible for a benefit under the District's Long Term Disability program.

Total OPEB Liability for Medical Subsidy

The District's total OPEB liability for Medical Subsidy of \$15,607,462 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017 using the Entry Age Normal Level Percent of Pay Cost Method.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Experience study	Most recent experience study for Oregon PERS
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.50%
Discount rate	3.75%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Six-distinct, generational per Scale BB, disabled mortality table.

Discount Rate - Under GASB Statement No. 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2018 reporting date is 3.75%, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Total OPEB Liability for Medical Subsidy (Continued)

Healthcare Cost Trend – The actuarial calculations used an assumption that medical costs will increase 7.00% in the first year, 6.90% in the second year, 6.80% in the third year, and varying from 6.70% to 5.00% over the remainder of the projection period. These trends are based in part on the 2017 Segal Heath Plan Cost Trend Survey. Rates are trended down in subsequent years in accordance with prevalent actuarial practice, based in part of the Society of Actuaries - Getzen Long Term Healthcare Trends Resource Model, as updated August 2017. First year medical and dental trends were based on actual changes to July 1, 2018 premiums compared with July 1, 2017 premiums.

Changes in the Total OPEB Liability for Medical Subsidy

	Total OPEB Liability - Medical Subsidy
Balance at July 1, 2017	\$ 15,121,381
Changes for the year:	
Service cost	859,107
Interest on total OPEB liability	565,562
Benefit payments	(938,588)
Net changes	486,081
Balance at June 30, 2018	\$ 15,607,462

The 3.75 percent discount rate assumption is the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This rate was increased from 3.0 percent in the 2015 valuation to reflect the requirements of GASB Statement No. 75.

Sensitivity of the Total OPEB Liability for Medical Subsidy to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount Rate</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
Total OPEB Liability on June 30, 2018	\$ 16,934,935	\$ 15,607,462	\$ 14,380,225

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Sensitivity of the Total OPEB Liability for Medical Subsidy to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability on June 30, 2018	\$ 13,778,599	\$ 15,607,462	\$ 17,781,813

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Subsidy

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,424,669. At June 30, 2018, there were no deferred outflows of resources or deferred inflows of resources related to the medical benefits plan.

Retirement Health Insurance Account (RHIA)

Plan Description – As a member of Oregon Public Employees 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 the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provided for a payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or by accessing the PERS website at:

www.oregon.gov/PERS/.

Benefits Provided – 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 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 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 PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Contributions – PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District’s contribution rates for the period were 0.50 percent for Tier One/Tier Two members, and 0.43 percent for OPSRP members. The District’s contributions for the year ended June 30, 2018 totaled \$133,550.

Net OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to RHIA

At June 30, 2018 the District reported an asset of \$117,105 for its proportionate share of the net OPEB asset related to RHIA. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to the measurement date. The district’s proportion of the net OPEB asset was based on the District’s actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District’s proportionate share as of the measurement date is 0.29%, changed from 0.28% for the prior measurement date.

For the year ended June 30, 2018, the District recognized OPEB expense reduction of \$134,026 related to the RHIA. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>	<i>Net</i>
Difference between expected and actual experience	\$ -	\$ (54,237)	
Changes in proportionate share	-	(2,302)	
Subtotal - Amortized deferrals (below)	-	(56,539)	\$ (56,539)
Contributions subsequent to measurement date	133,550	-	
Net deferred outflow (inflow) of resources	\$ 133,550	\$ (56,539)	

Deferred outflows of resources related to RHIA of \$133,550 resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for RHIA in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflow of resources related to RHIA will be recognized in OPEB expense as follows:

<i>Year ending June 30,</i>	<i>Amount</i>
2019	\$ (14,411)
2020	(14,411)
2021	(14,158)
2022	(13,559)
2023	-
Thereafter	-
Total	\$ (56,539)

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 2015
Actuarial Assumptions	
Actuarial cost method	Entry age normal
Inflation Rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Retiree healthcare participation	Healthy retirees: 38% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable. Statute stipulates \$60 monthly payments for healthcare insurance
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, 95% for females) of the RP-2000 Six-distinct, generational per Scale BB, disabled mortality table.</p>

(Source: June 30, 2017 Oregon PERS CAFR; Table 31; page 68)

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

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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 was 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.

Asset Class	Target	Compound Annual Return (Geometric)
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 Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	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	1.88	4.58
Assumed Inflation – Mean		2.50

(Source: June 30, 2017 Oregon PERS CAFR; Table 34 Page 69)

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

OTHER POSTEMPLOYMENT BENEFITS (OPEBs) (Continued)

Sensitivity of the Net OPEB Liability for RHIA to Changes in the Discount Rate

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

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 16,324	\$ (117,105)	\$ (230,595)

Sensitivity of the Net OPEB Liability for RHIA to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the District for RHIA is (\$117,105). The ORS stipulates a \$60 monthly payment, so there would be no change to the net OPEB liability if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate.

OPEB 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 Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

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 there are no contingent liabilities that require disclosure or recognition in accordance with Accounting Standards Codification (ASC) No. 450-20. 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.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

RISK MANAGEMENT

The District purchased commercial insurance to cover all commonly insurable risks, including property, liability, vehicles, fidelity bond, worker’s compensation and unemployment. All policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

TAX ABATEMENTS

Lane County Tax Abatements

The District’s property tax revenues were reduced by approximately \$87,525 under agreements entered into by Lane County for the fiscal year ended June 30, 2018.

BUDGET COMPLIANCE

Excess of Expenditures over Appropriations

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2018, expenditures exceeded appropriations as follows:

<u>Fund/Appropriation Category</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>Special Revenue</i>			
Transfers out	\$ -	\$ 24,233	\$ (24,233)
<i>Special Projects</i>			
Debt Service			
Interest	2,011,110	2,016,200	(5,090)
<i>Insurance Reserve</i>			
Instruction	500	46,779	(46,279)

RESTATEMENT OF PRIOR YEAR NET POSITION

In implementing GASB Statement Nos. 73 and 75, the District has restated beginning net position in order to establish the total OPEB liability for the District’s Medical Subsidy plan, the District’s proportionate share of the net OPEB liability of the Oregon Public Employees Retirement Systems (OPERS), and the total pension liability for stipends. The District had previously reported an other postemployment benefit obligation in accordance with GASB Statement No. 45 related to the Early Retirement Program, which has been replaced with the total OPEB liability for medical subsidy and total pension liability for stipends. The restatement also establishes a deferred outflow of resources related to OPEB for RHIA contributions made after the June 30, 2017 measurement date.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

RESTATEMENT OF PRIOR YEAR NET POSITION (continued)

The total restatement is as follows:

Net Position - July 1, 2017 as originally reported		\$ 7,487,449
Removal of Other postemployment benefit obligation	\$ 3,279,801	
Addition of Total OPEB liability for medical subsidy	(15,121,381)	
Addition of Net OPEB liability for RHIA	(79,354)	
Addition of Total Pension liability for stipends	(394,684)	
Addition of OPEB deferred outflows	139,444	
Total restatement		(12,176,174)
Net position - July 1, 2017 as restated		\$ (4,688,725)

NEW PRONOUNCEMENTS

For the fiscal year ended June 30, 2018, the District implemented the following new accounting standards:

GASB Statement No. 75 *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”* The statement establishes accounting and financial reporting requirements related to other postemployment benefits (OPEB), replacing GASB Statements No. 45 and No. 57. The statement is effective for fiscal years beginning after June 15, 2017. The District restated the prior year net position to reduce net position by \$12,176,174 as a result of implementing this statement.

GASB Statement No. 81 *“Irrevocable Split-Interest Agreements.”* This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The statement is effective for fiscal years beginning after December 15, 2016. The District anticipates no financial impact as a result of implementing this statement.

GASB Statement No. 85 *“Omnibus 2017.”* This Statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The statement is effective for fiscal years beginning after June 15, 2017. The District anticipates no financial impact as a result of implementing this statement.

GASB Statement No. 86 *“Certain Debt Extinguishment Issues.”* This Statement addresses the accounting and financial reporting for in-substance defeasement of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement is effective for fiscal years beginning after June 15, 2017. The District anticipates no financial impact as a result of implementing this statement.

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 83 *“Certain Asset Retirement Obligations.”* This Statement establishes criteria for determining the timing and pattern or recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The statement is effective for fiscal years beginning after June 15, 2018.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2018

NEW PRONOUNCEMENTS (continued)

GASB Statement No. 84 “*Fiduciary Activities.*” This Statement establishes criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87 “*Leases.*” This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 88 “*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.*” This Statement addresses the definition of debt and specifies required essential information related to debt for disclosure in the notes to the financial statements. The statement is effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 89 “*Accounting for Interest Cost Incurred before the End of a Construction Period.*” This Statement establishes the accounting requirements for interest costs incurred before the end of a construction period, which previously were included in the historical cost of a capital asset. The statement is effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90 “*Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61.*” This Statement defines the majority equity interest and specifies the treatment of majority equity interest in a legally separate organization, either as an investment or as a component unit based on the factors. The statement is effective for fiscal years beginning after December 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON

**SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND THE SCHEDULE OF TOTAL PENSION LIABILITY AND RELATED RATIOS FOR STIPENDS
YEAR ENDED JUNE 30, 2018**

Schedule of Changes in the Total Pension Liability for Stipends

<u>Year ended June 30,</u>	<u>Service costs</u>	<u>Interest on total pension liability</u>	<u>Benefit payments - Stipend</u>	<u>Benefit payments - Implicit subsidy</u>	<u>Net change in total pension liability</u>
2018	\$ 17,908	\$ 14,612	\$ (27,973)	\$ -	\$ 4,547

Schedule of Total Pension Liability and Related Ratios for Stipends

<u>Year ended June 30,</u>	<u>Total pension liability beginning</u>	<u>Net change in total pension liability</u>	<u>Total pension liability ending</u>	<u>Covered employee payroll</u>	<u>Total pension liability as percentage of covered payroll</u>	<u>Discount rate</u>
2018	\$ 394,684	\$ 4,547	\$ 399,231	\$ 19,815,154	2.01%	3.75%

Notes:

The amounts presented for each fiscal year were actuarially determined and measured as of June 30 of that year.

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

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
YEAR ENDED JUNE 30, 2018**

<i>Year Ended June 30,</i>	<i>Employer's proportion of the net pension liability (NPL)</i>	<i>Employer's proportionate share of the net pension liability (NPL)</i>	<i>Covered employee payroll</i>	<i>NPL as a percentage of covered payroll</i>	<i>Plan fiduciary net position as a percentage of the total pension liability</i>
2018	0.41%	\$ 55,111,874	\$ 28,547,885	193.1%	83.1%
2017	0.43%	64,047,150	28,167,171	227.4%	80.5%
2016	0.44%	25,040,002	25,881,214	96.7%	91.9%
2015	0.47%	(10,764,630)	22,490,011	-47.9%	103.6%
2014	0.47%	24,234,847	23,498,326	103.1%	92.0%

Notes:

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

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

The June 30, 2015 NPL reflects benefit changes from the Senate Bills 822 and 861.

The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.

The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50 % and the projected salary increases from 3.75% to 3.50%.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2018

<i>Year Ended June 30,</i>	<i>Statutorily required contribution</i>	<i>Contributions in relation to the statutorily required contribution</i>	<i>Contribution deficiency (excess)</i>	<i>Employer's covered payroll</i>	<i>Contributions as a percent of covered payroll</i>
2018	\$ 6,501,137	\$ 6,501,137	\$ -	\$ 27,933,033	23.3%
2017	5,702,273	5,702,273	-	28,547,885	20.0%
2016	5,574,636	5,574,636	-	28,167,171	19.8%
2015	5,560,386	5,560,386	-	25,881,214	21.5%
2014	4,897,645	4,897,645	-	22,490,011	21.8%

Notes:

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

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

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA
JUNE 30, 2018

<i>Year Ended June 30,</i>	<i>District's proportion of net OPEB liability</i>	<i>District's proportionate share of the net OPEB liability</i>	<i>District's covered- employee payroll (2)</i>	<i>NOL as a percentage of covered-employee payroll</i>	<i>Plan fiduciary net position as a percentage of the total OPEB liability</i>
2018	0.15%	\$ (117,105)	\$ 28,547,885	-0.41%	108.9%
2017	0.16%	79,354	28,167,171	0.28%	94.1%

Notes:

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

- (1) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.
- (2) Amounts for covered payroll use the prior year's data to match the measurement date used by the OPEB plan for each fiscal year.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULES OF CONTRIBUTIONS FOR RHIA
JUNE 30, 2018

<i>Year Ended June 30,</i>	<i>Statutorily required contribution</i>	<i>Contributions in relation to the statutorily required contribution</i>	<i>Contribution deficiency (excess)</i>	<i>Covered payroll</i>	<i>Contributions as a percent of covered payroll</i>
2018	\$ 133,550	\$ 133,550	\$ -	\$ 27,933,033	0.48%
2017	139,444	139,444	-	28,547,885	0.49%

Notes:

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

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

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND THE SCHEDULE OF TOTAL OPEB
LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY
JUNE 30, 2018

Schedule of Changes in the Total OPEB Liability for Medical Subsidy

<u>Year ended June 30,</u>	<u>Service costs</u>	<u>Interest on total OPEB liability</u>	<u>Difference between expected and actual results</u>	<u>Changes of assumptions or other inputs</u>	<u>Benefit payments - Medical subsidy</u>	<u>Net change in total OPEB liability</u>
2018	\$ 859,107	\$ 565,562	\$ -	\$ -	\$ (938,588)	\$ 486,081

Schedule of Total OPEB Liability and Related Ratios for Medical Subsidy

<u>Year ended June 30,</u>	<u>Total OPEB liability beginning</u>	<u>Net change in total OPEB liability</u>	<u>Total OPEB liability ending</u>	<u>Covered employee payroll</u>	<u>Total OPEB liability as percentage of covered payroll</u>	<u>Discount rate</u>
2018	\$ 15,121,381	\$ 486,081	\$ 15,607,462	\$ 28,351,113	55.05%	3.75%

Notes:

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

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period

(1) The amounts presented for each fiscal year were actuarially determined and measured as of June 30 of that year.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS –
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>Insurance Reserve</i>	
REVENUES			
Property taxes	\$ 15,155,288	\$ -	\$ 15,155,288
Intergovernmental			
Intermediate sources	85,419	-	85,419
State sources	39,312,189	-	39,312,189
Federal sources	245,157	-	245,157
Charges for services	42,075	-	42,075
Investment earnings	342,308	-	342,308
Miscellaneous	148,196	106,400	254,596
<i>Total Revenues</i>	<i>55,330,632</i>	<i>106,400</i>	<i>55,437,032</i>
EXPENDITURES			
Current			
Instruction	31,385,236	46,779	31,432,015
Support services	21,411,378	61,240	21,472,618
Enterprise and community services	104,785	-	104,785
Capital outlay	372,816	165,789	538,605
<i>Total Expenditures</i>	<i>53,274,215</i>	<i>273,808</i>	<i>53,548,023</i>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,056,417	(167,408)	1,889,009
OTHER FINANCING SOURCES (USES)			
Transfers in	38,026	32,329	70,355
Transfers out	(436,403)	-	(436,403)
Sale of/or compensation for loss of capital assets	1,683	-	1,683
<i>Total Other Financing Sources (Uses)</i>	<i>(396,694)</i>	<i>32,329</i>	<i>(364,365)</i>
NET CHANGE IN FUND BALANCES	1,659,723	(135,079)	1,524,644
FUND BALANCES, beginning	6,078,226	395,267	6,473,493
FUND BALANCES, ending	\$ 7,737,949	\$ 260,188	\$ 7,998,137

See notes to required supplementary information.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual Budget</i>	<i>Variance with</i>	<i>Budget to</i>	<i>Actual GAAP</i>
	<i>Original</i>	<i>Final</i>	<i>and GAAP</i>			
			<i>Basis</i>	<i>Final Budget</i>	<i>Differences</i>	<i>Basis</i>
REVENUES						
Property taxes	\$ 15,272,447	\$ 15,272,447	\$ 15,155,288	\$ (117,159)	\$ -	\$ 15,155,288
Intergovernmental						
Intermediate sources	60,000	60,000	85,419	25,419	-	85,419
State sources	37,162,835	38,684,365	39,312,189	627,824	-	39,312,189
Federal sources	-	-	245,157	245,157	-	245,157
Charges for services	-	-	42,075	42,075	-	42,075
Investment earnings	110,000	110,000	342,308	232,308	-	342,308
Miscellaneous	52,300	52,300	148,196	95,896	-	148,196
<i>Total Revenues</i>	52,657,582	54,179,112	55,330,632	1,151,520	-	55,330,632
EXPENDITURES						
Current						
Instruction	31,323,450	32,097,230	31,385,236	711,994	-	31,385,236
Support services	21,515,175	22,071,750	21,784,194	287,556	(372,816)	21,411,378
Enterprise and community services	113,429	115,554	104,785	10,769	-	104,785
Capital outlay	-	-	-	-	372,816	372,816
Operating contingency	3,211,289	3,258,848	-	3,258,848	-	-
<i>Total Expenditures</i>	56,163,343	57,543,382	53,274,215	4,269,167	-	53,274,215
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,505,761)	(3,364,270)	2,056,417	5,420,687	-	2,056,417
OTHER FINANCING SOURCES (USES)						
Advances from other funds	256,000	256,000	256,000	-	(256,000)	-
Transfers in	94,000	94,000	38,026	(55,974)	-	38,026
Transfers out	(439,526)	(442,730)	(436,403)	6,327	-	(436,403)
Sale of or compensation for loss of capital assets	-	-	1,683	1,683	-	1,683
<i>Total Other Financing Sources (Uses)</i>	(89,526)	(92,730)	(140,694)	(47,964)	(256,000)	(396,694)
NET CHANGE IN FUND BALANCE	(3,595,287)	(3,457,000)	1,915,723	5,372,723	(256,000)	1,659,723
FUND BALANCE, beginning	4,457,000	4,457,000	6,078,226	1,621,226	-	6,078,226
FUND BALANCE, ending	\$ 861,713	\$ 1,000,000	\$ 7,993,949	\$ 6,993,949	\$ (256,000)	\$ 7,737,949

See notes to required supplementary information.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>	<i>Budget to</i>	<i>Actual GAAP</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>	<i>GAAP Differences</i>	<i>Basis</i>
REVENUES						
Intergovernmental						
Intermediate sources	\$ 1,296,363	\$ 1,297,257	\$ 1,505,290	\$ 208,033	\$ -	\$ 1,505,290
State sources	1,398,800	1,398,800	568,847	(829,953)	-	568,847
Federal sources	6,635,141	6,635,141	5,726,504	(908,637)	-	5,726,504
Charges for services	250,000	250,000	290,861	40,861	-	290,861
Contributions	46,000	46,000	32,484	(13,516)	-	32,484
Investment earnings	800	800	13,968	13,168	-	13,968
Miscellaneous	1,019,253	1,019,253	231,578	(787,675)	-	231,578
<i>Total Revenues</i>	10,646,357	10,647,251	8,369,532	(2,277,719)	-	8,369,532
EXPENDITURES						
Current						
Instruction	6,472,193	6,373,340	3,876,568	2,496,772	(34,577)	3,841,991
Support services	2,472,683	2,477,935	1,969,610	508,325	(649,144)	1,320,466
Enterprise and community services	3,047,271	3,038,600	2,753,146	285,454	-	2,753,146
Facilities acquisition and construction	1	150,001	147,661	2,340	(34,282)	113,379
Capital outlay	-	-	-	-	718,003	718,003
<i>Total Expenditures</i>	11,992,148	12,039,876	8,746,985	3,292,891	-	8,746,985
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,345,791)	(1,392,625)	(377,453)	1,015,172	-	(377,453)
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	-	-	1,600,000	1,600,000	-	1,600,000
Transfers in	30,000	30,000	187,160	157,160	-	187,160
Transfers out	-	-	(24,233)	(24,233)	-	(24,233)
Sale of or compensation for loss of capital assets	-	-	5,500	5,500	-	5,500
<i>Total Other Financing Sources (Uses)</i>	30,000	30,000	1,768,427	1,738,427	-	1,768,427
NET CHANGE IN FUND BALANCE	(1,315,791)	(1,362,625)	1,390,974	2,753,599	-	1,390,974
FUND BALANCE, beginning	1,822,767	1,822,767	2,471,457	648,690	-	2,471,457
FUND BALANCE, ending	\$ 506,976	\$ 460,142	\$ 3,862,431	\$ 3,402,289	\$ -	\$ 3,862,431

See notes to required supplementary information.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>	<i>Budget to</i>	<i>Actual GAAP</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>	<i>GAAP Differences</i>	<i>Basis</i>
REVENUES						
Construction excise tax	\$ 130,000	\$ 130,000	\$ 255,323	\$ 125,323	\$ -	\$ 255,323
Intergovernmental						
State sources	3,500	3,500	-	(3,500)	-	-
Federal sources	45,800	45,800	76,696	30,896	-	76,696
Charges for services	124,000	124,000	1,342,131	1,218,131	-	1,342,131
Contributions	135,150	135,150	50,868	(84,282)	-	50,868
Investment earnings	8,250	8,250	27,041	18,791	-	27,041
Miscellaneous	1,398,000	1,398,000	237,655	(1,160,345)	-	237,655
<i>Total Revenues</i>	1,844,700	1,844,700	1,989,714	145,014	-	1,989,714
EXPENDITURES						
Current						
Instruction	2,788,374	2,792,206	1,626,228	1,165,978	-	1,626,228
Support services	2,238,145	2,240,530	366,278	1,874,252	(58,651)	307,627
Enterprise and community services	104,850	104,850	71,794	33,056	-	71,794
Facilities acquisition and construction	554,500	554,500	181,199	373,301	(181,199)	-
Capital outlay	-	-	-	-	239,850	239,850
<i>Total Expenditures</i>	5,685,869	5,692,086	2,245,499	3,446,587	-	2,245,499
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,841,169)	(3,847,386)	(255,785)	3,591,601	-	(255,785)
OTHER FINANCING SOURCES (USES)						
Transfers in	371,326	374,529	227,459	(147,070)	-	227,459
Transfers out	(82,000)	(82,000)	(24,338)	57,662	-	(24,338)
Advances to other funds	(104,000)	(104,000)	(104,000)	-	104,000	-
<i>Total Other Financing Sources (Uses)</i>	185,326	188,529	99,121	(89,408)	104,000	203,121
NET CHANGE IN FUND BALANCE	(3,655,843)	(3,658,857)	(156,664)	3,502,193	104,000	(52,664)
FUND BALANCE, beginning	3,866,720	3,866,720	3,244,820	(621,900)	-	3,244,820
FUND BALANCE, ending	\$ 210,877	\$ 207,863	\$ 3,088,156	\$ 2,880,293	\$ 104,000	\$ 3,192,156

See notes to required supplementary information.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

BUDGETARY BASIS ACCOUNTING

The District accounts for certain transactions on a budgetary basis which differs from GAAP basis. A description of the principal differences between the budgetary basis and GAAP in recording and reporting transactions follows:

	<u>Budgetary Basis</u>	<u>GAAP Basis</u>
USDA Commodity Inventory	USDA commodity inventory is recorded at cost when received and the assigned value is recognized as revenue and expenditures when used	Revenue is recognized for the difference in cost and assigned value when commodities are received.
Properties acquired by long-term financing such as from capital leases or installment contracts	Only the current year's payment is recorded as a capital outlay expenditure of the fund in which payments are budgeted.	The net present value of the total stream of payments is recorded in the fund from which payments will be made as an expenditure in the year of acquisition with a corresponding offset to other financing sources. Subsequent payments on the obligations are recorded as debt service expenditures.
Classification of expenditures by character	The character of expenditures (current expenditures, capital outlay, debt service) is reported at the object level. Budgets and appropriations are made for each major function.	Expenditures are classified and reported by character (current expenditures, capital outlay and debt service) within the financial statements.

OTHER SUPPLEMENTARY INFORMATION

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS –
COMBINING BALANCE SHEET – GENERAL FUND
JUNE 30, 2018

	<u>Budgetary funds</u>		<i>Total (reported as General Fund)</i>
	<u>General</u>	<u>Insurance Reserve</u>	
ASSETS			
Cash and investments	\$ 11,436,217	\$ 108,984	\$ 11,545,201
Property taxes receivable	994,134	-	994,134
Advances to other fund	-	256,000	256,000
Other receivables	392,111	1,890	394,001
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 12,822,462	\$ 366,874	\$ 13,189,336
	<hr/>	<hr/>	<hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 187,307	\$ 900	\$ 188,207
Advances from other fund	256,000	104,000	360,000
Accounts payable to other governments	29,833	-	29,833
Accrued salaries and benefits	3,666,780	356	3,667,136
Unearned revenue	-	1,430	1,430
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	4,139,920	106,686	4,246,606
Deferred Inflows of Resources			
Unavailable revenue - property taxes	944,593	-	944,593
Fund Balance			
Non-spendable for long-term advances	-	256,000	256,000
Committed to:			
Insurance services	-	4,188	4,188
Unassigned	7,737,949	-	7,737,949
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	7,737,949	260,188	7,998,137
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$ 12,822,462	\$ 366,874	\$ 13,189,336
	<hr/>	<hr/>	<hr/>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – INSURANCE RESERVE FUND
YEAR ENDED JUNE 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>	<i>Budget to</i>	<i>Actual GAAP</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>	<i>GAAP Differences</i>	<i>Basis</i>
REVENUES						
Miscellaneous	\$ 64,600	\$ 64,600	\$ 106,400	\$ 41,800	\$ -	\$ 106,400
EXPENDITURES						
Current						
Instruction	500	500	46,779	(46,279)	-	46,779
Support services	313,800	313,800	227,029	86,771	(165,789)	61,240
Capital outlay	-	-	-	-	165,789	165,789
<i>Total Expenditures</i>	<u>314,300</u>	<u>314,300</u>	<u>273,808</u>	<u>40,492</u>	<u>-</u>	<u>273,808</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(249,700)	(249,700)	(167,408)	1,308	-	(167,408)
OTHER FINANCING SOURCES (USES)						
Advances from other funds	104,000	104,000	104,000	-	(104,000)	-
Transfers in	142,200	142,200	32,329	(109,871)	-	32,329
Transfers out	(116,000)	(116,000)	-	116,000	-	-
Advances to other funds	(256,000)	(256,000)	(256,000)	-	256,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>(125,800)</u>	<u>(125,800)</u>	<u>(119,671)</u>	<u>6,129</u>	<u>152,000</u>	<u>32,329</u>
NET CHANGE IN FUND BALANCE	(375,500)	(375,500)	(287,079)	7,437	152,000	(135,079)
FUND BALANCE, beginning	<u>375,500</u>	<u>375,500</u>	<u>395,267</u>	<u>19,767</u>	<u>-</u>	<u>395,267</u>
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,188</u>	<u>\$ 108,188</u>	<u>\$ 152,000</u>	<u>\$ 260,188</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>with Final Budget</i>
REVENUES				
Property taxes	\$ 4,825,130	\$ 4,825,130	\$ 4,842,941	\$ 17,811
Investment earnings	25,000	25,000	42,104	17,104
Miscellaneous	-	-	2,501	2,501
<i>Total Revenues</i>	4,850,130	4,850,130	4,887,546	37,416
EXPENDITURES				
Current				
Support services	20	20	-	20
Debt Service				
Principal	3,059,000	3,059,000	3,053,909	5,091
Interest	2,011,110	2,011,110	2,016,200	(5,090)
<i>Total Expenditures</i>	5,070,130	5,070,130	5,070,109	21
NET CHANGE IN FUND BALANCE	(220,000)	(220,000)	(182,563)	37,437
FUND BALANCE, beginning	570,000	570,000	563,607	(6,393)
FUND BALANCE, ending	\$ 350,000	\$ 350,000	\$ 381,044	\$ 31,044

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Budget Basis</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>	<u>Budget to</u> <u>GAAP</u> <u>Differences</u>	<u>Actual GAAP</u> <u>Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Investment earnings	\$ 46,000	\$ 46,000	\$ 37,681	\$ (8,319)	\$ -	\$ 37,681
Miscellaneous	200	200	11	(189)	-	11
<i>Total Revenues</i>	46,200	46,200	37,692	(8,508)	-	37,692
EXPENDITURES						
Current						
Facilities acquisition and construction	4,371,200	4,371,200	1,488,196	2,883,004	(1,178,385)	309,811
Capital outlay	-	-	-	-	1,178,385	1,178,385
<i>Total Expenditures</i>	4,371,200	4,371,200	1,488,196	2,883,004	-	1,488,196
NET CHANGE IN FUND BALANCE	(4,325,000)	(4,325,000)	(1,450,504)	2,874,496	-	(1,450,504)
FUND BALANCE, beginning	4,325,000	4,325,000	3,135,009	(1,189,991)	-	3,135,009
FUND BALANCE, ending	\$ -	\$ -	\$ 1,684,505	\$ 1,684,505	\$ -	\$ 1,684,505

OTHER SCHEDULES

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
REVENUE SUMMARY – ALL FUNDS
YEAR ENDED JUNE 30, 2018

<i>Code</i>	<i>Function</i>	<i>General Fund</i>	<i>Special Revenue</i>
LOCAL REVENUES			
1111	Current year's taxes	\$ 14,890,890	\$ -
1112	Prior year's taxes	211,871	-
1113	County tax sales for back taxes	6,749	-
1130	Construction excise tax	-	-
1190	Penalties and interest on taxes	45,778	-
1200	Revenue from local governmental units other than districts	7,834	24,157
1310	Regular day school tuition	42,075	-
1500	Earnings on investments	342,308	13,968
1600	Food service	-	290,861
1700	Extracurricular activities	-	-
1800	Community services activities	-	-
1910	Rentals	7,697	-
1920	Contributions and donations from private sources	-	32,484
1960	Recovery of prior years' expenditures	20,959	6
1970	Services provided other funds	-	-
1990	Miscellaneous	111,706	207,415
1000	<i>Total Local Revenues</i>	15,687,867	568,891
INTERMEDIATE REVENUES			
2101	County school funds	85,419	-
2200	Restricted revenue	-	1,427,185
2800	Revenue in lieu of taxes	-	78,105
2000	<i>Total Intermediate Revenues</i>	85,419	1,505,290
STATE REVENUES			
3101	State school fund - general support	38,659,745	-
3102	State school fund - school lunch match	-	24,027
3103	Common school fund	623,529	-
3199	Other unrestricted grants-in-aid	28,915	-
3222	State school fund (SSF) transportation	-	50,120
3299	Other restricted grants-in-aid	-	494,700
3000	<i>Total State Revenues</i>	39,312,189	568,847
FEDERAL REVENUES			
4300	Restricted revenue direct from the federal government	-	48,004
4500	Restricted revenue from the federal government through the state	-	5,249,292
4700	Grants-in-aid from the federal government through other intermediate agencies	-	242,394
4801	Federal forest fees	245,157	-
4900	Revenue for/on behalf of the district	-	186,814
4000	<i>Total Federal Revenues</i>	245,157	5,726,504
OTHER SOURCES			
5100	Long-term debt financing sources	256,000	1,600,000
5200	Interfund transfers	38,026	187,160
5300	Sale of or compensation for loss of capital assets	1,683	5,500
5000	<i>Total Other Sources</i>	295,709	1,792,660
5400	FUND BALANCE, Beginning of year	6,078,226	2,471,457
6000	<i>Total Resources</i>	\$ 61,704,567	\$ 12,633,649

<u>Special Projects</u>	<u>Insurance Reserve</u>	<u>Debt Service</u>	<u>Capital Projects</u>
\$ -	\$ -	\$ 4,755,631	\$ -
-	-	69,921	-
-	-	2,247	-
255,323	-	-	-
-	-	15,142	-
-	-	2,501	-
-	-	-	-
27,041	-	42,104	37,681
-	-	-	-
1,234,187	-	-	-
107,944	-	-	-
116,747	-	-	-
50,868	-	-	-
1,750	-	-	-
-	59,509	-	-
119,158	46,891	-	11
1,913,018	106,400	4,887,546	37,692
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
8,674	-	-	-
68,022	-	-	-
-	-	-	-
-	-	-	-
76,696	-	-	-
-	104,000	-	-
227,459	32,329	-	-
-	-	-	-
227,459	136,329	-	-
3,244,820	395,267	563,607	3,135,009
<u>\$ 5,461,993</u>	<u>\$ 637,996</u>	<u>\$ 5,451,153</u>	<u>\$ 3,172,701</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY – GENERAL FUND
YEAR ENDED JUNE 30, 2018

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-5	\$ 11,907,336	\$ 7,136,581	\$ 4,697,089
1113	Elementary extracurricular	10,079	7,434	2,645
1121	Middle/junior high programs	4,602,054	2,807,440	1,761,945
1122	Middle/junior high school extracurricular	39,372	27,992	10,769
1131	High school programs	5,547,376	3,307,462	2,128,212
1132	High school extracurricular	458,142	344,165	100,029
1140	Pre-kindergarten programs	1,059	-	-
1200	Special programs			
1210	Programs for the talented and gifted	2,471	713	58
1220	Programs for students with mental disabilities	2,438,283	1,225,721	832,780
1250	Resource rooms	3,993,981	2,142,277	1,473,720
1270	Educationally disadvantaged			
1271	Remediation	25,249	19,126	6,123
1280	Alternative education	1,284,313	506,755	356,285
1290	Designated programs			
1291	English second language program	1,012,843	611,714	395,098
1292	Teen parent programs	21,096	15,557	5,539
1299	Other programs	-	-	-
1400	Summer school programs	41,582	31,804	9,778
1000	<i>Total Instruction</i>	31,385,236	18,184,741	11,780,070
SUPPORT SERVICES				
2100	Students			
2110	Attendance and social work services	253,202	77,819	58,542
2120	Guidance services	1,402,637	836,827	562,302
2130	Health services	516,536	282,794	212,041
2140	Psychological services	281,264	150,342	100,105
2150	Speech pathology and audiology services	634,798	364,117	232,114
2190	Service direction, student support services	329,976	179,072	122,772
2200	Instructional staff			
2210	Improvement of instruction services	722,151	427,105	236,857
2220	Educational Media Services	524,227	266,853	240,264
2230	Assessment and testing	28,444	6,763	1,882
2240	Instructional staff development	10,277	4,508	1,522
2300	General administration			
2310	Board of education services	285,400	-	-
2320	Executive administration services	437,945	241,329	158,996
2400	School administration			
2410	Office of the principal services	4,662,560	2,731,273	1,852,851
2500	Business			
2510	Direction of business support services	186,925	119,730	66,023
2520	Fiscal services	678,599	266,545	193,356
2540	Operation and maintenance of plant services	4,952,624	1,374,442	1,005,270
2550	Student transportation services	2,929,022	870,201	654,626
2570	Internal services	495,460	109,654	78,622
2600	Central activities			
2630	Information services	163,332	97,549	58,062
2640	Staff services	355,888	179,710	126,712
2660	Technology services	1,112,015	369,683	234,191
2700	Supplemental retirement program	820,912	60,104	760,808
2000	<i>Total Support Services</i>	21,784,194	9,016,420	6,957,918

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 25,392	\$ 48,274	\$ -	\$ -	\$ -
-	-	-	-	-
14,871	17,798	-	-	-
210	401	-	-	-
55,207	43,616	-	12,879	-
2,546	11,346	-	56	-
-	1,059	-	-	-
-	1,135	-	565	-
375,237	4,489	-	56	-
368,308	9,654	-	22	-
-	-	-	-	-
414,997	6,231	-	45	-
559	5,076	-	396	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,257,327	149,079	-	14,019	-
116,787	54	-	-	-
-	3,508	-	-	-
8,746	11,238	-	1,717	-
26,809	4,008	-	-	-
34,221	2,636	-	1,710	-
247	27,885	-	-	-
38,456	11,486	-	8,247	-
-	17,045	-	65	-
19,457	-	-	342	-
1,691	2,556	-	-	-
269,525	1,121	-	14,754	-
20,813	7,048	-	9,759	-
42,452	14,585	-	21,399	-
296	597	-	279	-
11,099	41,538	165,803	258	-
1,923,979	290,480	24,336	334,117	-
1,357,483	17,407	-	29,305	-
171,755	135,429	-	-	-
3,756	3,965	-	-	-
17,154	30,524	-	1,788	-
273,769	113,207	120,502	663	-
-	-	-	-	-
4,338,495	736,317	310,641	424,403	-

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY – GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2018

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	ENTERPRISE AND COMMUNITY SERVICES			
3310	Direction of community services activities	\$ 104,785	\$ 53,762	\$ 50,873
	OTHER USES			
5200	Transfers of funds	436,403	-	-
7000	FUND BALANCE, End of year	<u>7,993,949</u>	<u>-</u>	<u>-</u>
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 61,704,567</u>	<u>\$ 27,254,923</u>	<u>\$ 18,788,861</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 150	\$ -	\$ -	\$ -	\$ -
-	-	-	-	436,403
-	-	-	-	7,993,949
<u>\$ 5,595,972</u>	<u>\$ 885,396</u>	<u>\$ 310,641</u>	<u>\$ 438,422</u>	<u>\$ 8,430,352</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-5	\$ 76,678	\$ 20,224	\$ 14,923
1113	Elementary extracurricular	4,723	1,179	193
1121	Middle/junior high programs	13,931	713	136
1131	High school programs	297,531	116,869	67,152
1140	Pre-kindergarten programs	69,842	41,494	21,062
1200	Special programs			
1220	Programs for students with mental disabilities	105,344	61,660	43,246
1250	Resource rooms	1,553,762	878,807	611,867
1260	Early intervention	881	618	263
1270	Educationally disadvantaged			
1271	Remediation	364	-	-
1272	Title IA/D	1,580,137	973,685	601,897
1280	Alternative education	167,800	66,886	34,840
1290	Designated programs			
1299	Other programs	5,575	2,992	249
1000	<i>Total Instruction</i>	3,876,568	2,165,127	1,395,828
SUPPORT SERVICES				
2100	Students			
2110	Attendance and social work services	47,703	20,316	10,048
2120	Guidance services	153,978	94,048	54,948
2130	Health services	301,072	63,989	43,281
2140	Psychological services	14,201	8,398	5,803
2150	Speech pathology and audiology services	76,043	51,573	24,470
2190	Service direction, student support services	4,494	3,280	1,214
2200	Instructional staff			
2210	Improvement of instruction services	164,183	75,620	33,985
2230	Assessment and testing	311,919	25,000	10,357
2240	Instructional staff development	178,474	94,431	26,437
2300	General administration	250	250	-
2400	School administration	5,095	849	306
2500	Business			
2520	Fiscal services	135,743	-	135,743
2540	Operation and maintenance of plant services	5,270	-	-
2550	Student transportation services	435,952	12,813	7,597
2600	Central activities			
2620	Planning, research, development, evaluation services, grant writing and statistical services	5,626	3,989	1,493
2640	Staff services	13,099	3,197	1,154
2660	Technology services	68,487	-	-
2690	Other support services - central	48,021	3,798	1,371
2000	<i>Total Support Services</i>	1,969,610	461,551	358,207

300		400		500		600		700	
Purchased		Supplies &		Capital		Other		Transfers	
Services		Materials		Outlay		Objects			
\$	26,873	\$	14,658	\$	-	\$	-	\$	-
	-		3,351		-		-		-
	1,805		11,277		-		-		-
	1,447		111,638		-		425		-
	5,050		2,236		-		-		-
	197		241		-		-		-
	61,501		1,487		-		100		-
	-		-		-		-		-
	-		364		-		-		-
	-		4,555		-		-		-
	24,396		39,743		-		1,935		-
	275		1,987		-		72		-
	121,544		191,537		-		2,532		-
	3,959		13,380		-		-		-
	2,691		2,241		-		50		-
	185,092		8,710		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	36,109		18,351		-		118		-
	276,562		-		-		-		-
	50,654		6,392		-		560		-
	-		-		-		-		-
	3,526		334		-		80		-
	-		-		-		-		-
	-		-		5,270		-		-
	22,448		-		363,794		29,300		-
	-		144		-		-		-
	2,023		6,725		-		-		-
	1,430		67,057		-		-		-
	42,253		599		-		-		-
	626,747		123,933		369,064		30,108		-

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY - SPECIAL REVENUE FUND (Continued)
YEAR ENDED JUNE 30, 2018

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services	\$ 2,653,547	\$ 915,827	\$ 609,767
3300	Community services			
3310	Direction of community services activities	38,121	13,228	3,019
3390	Other community services	61,478	35,545	10,508
3000	<i>Total Enterprise and Community Services</i>	2,753,146	964,600	623,294
	FACILITIES ACQUISITION AND CONSTRUCTION			
4150	Building acquisition, construction, and improvement services	147,661	-	-
	OTHER USES			
5200	Transfers of funds	24,233	-	-
7000	FUND BALANCE, End of year	3,862,431	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 12,633,649</u>	<u>\$ 3,591,278</u>	<u>\$ 2,377,329</u>

<i>300</i> <i>Purchased</i> <i>Services</i>	<i>400</i> <i>Supplies &</i> <i>Materials</i>	<i>500</i> <i>Capital</i> <i>Outlay</i>	<i>600</i> <i>Other</i> <i>Objects</i>	<i>700</i> <i>Transfers</i>
\$ 32,778	\$ 1,090,583	\$ -	\$ 4,592	\$ -
16,188	5,686	-	-	-
652	11,492	-	3,281	-
49,618	1,107,761	-	7,873	-
-	147,661	-	-	-
-	-	-	-	24,233
-	-	-	-	3,862,431
<u>\$ 797,909</u>	<u>\$ 1,570,892</u>	<u>\$ 369,064</u>	<u>\$ 40,513</u>	<u>\$ 3,886,664</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY - SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-5	\$ 141,352	\$ 76,635	\$ 28,526
1113	Elementary extracurricular	282,083	-	-
1121	Middle/junior high programs	38,860	155	40
1122	Middle/junior high school extracurricular	117,224	-	-
1131	High school programs	4,716	631	184
1132	High school extracurricular	883,822	-	-
1140	Pre-kindergarten programs	-	-	-
1200	Special programs			
1210	Programs for the talented and gifted	1,360	-	-
1220	Programs for students with mental disabilities	1,264	-	-
1250	Less restrictive programs for students with disabilities	6,150	-	-
1260	Early intervention	-	-	-
1270	Educationally disadvantaged	-	-	-
1280	Alternative education	8,109	-	-
1290	Designated programs			
1291	English Language Learner	380	-	-
1292	Teen parent programs	140,908	79,300	58,292
1000	<i>Total Instruction</i>	1,626,228	156,721	87,042
SUPPORT SERVICES				
2100	Students			
2110	Attendance and social work services	-	-	-
2130	Health services	269,146	101,206	68,934
2200	Instructional staff			
2210	Improvement of instruction services	258	-	-
2240	Instructional staff development	4,564	3,832	732
2400	School administration			
2410	Office of the Principal Services	288	-	-
2500	Business			
2520	Fiscal services	20	-	-
2540	Operation and maintenance of plant services	29,220	-	-
2550	Student transportation services	1,032	-	-
2600	Central activities			
2630	Information services	38,143	-	-
2660	Technology services	23,607	-	-
2000	<i>Total Support Services</i>	366,278	105,038	69,666
ENTERPRISE AND COMMUNITY SERVICES				
3100	Food services	6,587	-	-
3300	Community services	20,790	9,362	3,316
3500	Custody and care of children services	44,417	29,508	10,658
3000	<i>Total Enterprise and Community Services</i>	71,794	38,870	13,974
FACILITIES ACQUISITION AND CONSTRUCTION				
4120	Site acquisition and development services	181,199	-	-
OTHER USES				
5100	Debt service	104,000	-	-
5200	Transfers of funds	24,338	-	-
5000	<i>Total Other Uses</i>	128,338	-	-
7000	FUND BALANCE, End of year	3,088,156	-	-
8000	Total Expenditures and Ending Balance	\$ 5,461,993	\$ 300,629	\$ 170,682

	<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$	2,060	\$ 34,131	\$ -	\$ -	\$ -
	-	282,083	-	-	-
	3,568	35,097	-	-	-
	-	116,224	-	1,000	-
	1,837	2,064	-	-	-
	-	879,906	-	3,916	-
	-	-	-	-	-
	-	1,360	-	-	-
	-	1,264	-	-	-
	-	6,150	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	833	7,104	-	172	-
	-	19	-	361	-
	758	2,234	-	324	-
	9,056	1,367,636	-	5,773	-
	-	-	-	-	-
	56,629	28,992	-	13,385	-
	-	258	-	-	-
	-	-	-	-	-
	261	27	-	-	-
	-	20	-	-	-
	52	4,999	24,169	-	-
	1,032	-	-	-	-
	-	-	38,143	-	-
	-	23,607	-	-	-
	57,974	57,903	62,312	13,385	-
	-	6,587	-	-	-
	380	7,496	-	236	-
	541	3,458	-	252	-
	921	17,541	-	488	-
	-	-	181,199	-	-
	-	-	-	-	104,000
	-	-	-	-	24,338
	-	-	-	-	128,338
	-	-	-	-	3,088,156
\$	67,951	\$ 1,443,080	\$ 243,511	\$ 19,646	\$ 3,216,494

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY - INSURANCE RESERVE FUND
YEAR ENDED JUNE 30, 2018

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-5	\$ 46,779	\$ 38,253	\$ 8,526
	SUPPORT SERVICES			
2200	Instructional staff	112	-	-
2500	Business			
2570	Internal services	195,838	-	-
2600	Central activities			
2640	Staff services	31,079	-	29,279
2000	<i>Total Support Services</i>	227,029	-	29,279
	OTHER USES			
5100	Debt service	256,000	-	-
7000	FUND BALANCE, End of year	108,188	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 637,996</u>	<u>\$ 38,253</u>	<u>\$ 37,805</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ -	\$ -
-	112	-	-	-
-	30,049	165,789	-	-
1,800	-	-	-	-
1,800	30,161	165,789	-	-
-	-	-	-	256,000
-	-	-	-	108,188
<u>\$ 1,800</u>	<u>\$ 30,161</u>	<u>\$ 165,789</u>	<u>\$ -</u>	<u>\$ 364,188</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
	OTHER USES			
5100	Debt service	\$ 5,070,109	\$ -	\$ -
7000	FUND BALANCE, End of year	381,044	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 5,451,153</u>	<u>\$ -</u>	<u>\$ -</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ -	\$ -	\$ 5,070,109	\$ -
-	-	-	-	381,044
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,070,109</u>	<u>\$ 381,044</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
EXPENDITURE SUMMARY – CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<i>FACILITIES ACQUISITION AND CONSTRUCTION</i>			
4110	Service area direction	\$ 130,655	\$ 97,744	\$ 31,760
4150	Building acquisition, construction, and improvement services	910,182	36,736	10,636
4190	Other facilities construction services	447,359	-	-
4000	<i>Total Facilities Acquisition and Construction</i>	1,488,196	134,480	42,396
7000	<i>FUND BALANCE, End of year</i>	1,684,505	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 3,172,701</u>	<u>\$ 134,480</u>	<u>\$ 42,396</u>

<i>300 Purchased Services</i>	<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 1,151	\$ -	\$ -	\$ -	\$ -
228,584	(21,994)	653,013	3,207	-
-	310,470	136,889	-	-
229,735	288,476	789,902	3,207	-
-	-	-	-	1,684,505
<u>\$ 229,735</u>	<u>\$ 288,476</u>	<u>\$ 789,902</u>	<u>\$ 3,207</u>	<u>\$ 1,684,505</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF SUPPLEMENTAL INFORMATION AS REQUIRED BY OREGON DEPARTMENT OF
EDUCATION
YEAR ENDED JUNE 30, 2018

SUPPLEMENTAL INFORMATION, 2017-2018

A. Energy Bill for Heating - **All Funds:**
 Please enter your expenditures for electricity, heating fuel, and water & sewage for these functions & objects.

	Objects 325, 326 & 327
Function 2540	\$ 1,426,093
Function 2550	\$ 98,001

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 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$	123,631
----	---------

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	88-95
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	96-99
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	100-102
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	103-105
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<i>Operating Information</i>	106-108
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
CONDENSED STATEMENT OF NET POSITION
LAST TEN FISCAL YEARS

	2018	2017	2016
ASSETS			
Current and other assets	\$ 23,306,203	\$ 22,294,555	\$ 27,426,735
Net capital assets	79,673,176	79,296,438	78,330,746
<i>Total Assets</i>	<u>102,979,379</u>	<u>101,590,993</u>	<u>105,757,481</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows	22,655,578	36,360,478	7,314,155
<i>Total Assets and Deferred Outflows of Resources</i>	<u>125,634,957</u>	<u>137,951,471</u>	<u>113,071,636</u>
LIABILITIES			
Accounts payable and other liabilities	5,372,588	5,455,338	5,188,640
Long-term liabilities	125,576,559	135,904,687	86,267,132
<i>Total Liabilities</i>	<u>130,949,147</u>	<u>141,360,025</u>	<u>91,455,772</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows	2,173,523	1,280,171	6,267,158
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>133,122,670</u>	<u>142,640,196</u>	<u>97,722,930</u>
NET POSITION			
Net investment in capital assets	29,268,922	30,377,559	27,146,288
Restricted for:			
Debt service	1,597,518	878,207	975,048
Unrestricted	<u>(38,337,625)</u>	<u>(35,944,491)</u>	<u>(12,772,630)</u>
<i>Total Net Position</i>	<u>\$ (7,471,185)</u>	<u>\$ (4,688,725)</u>	<u>\$ 15,348,706</u>

Unrestricted net position decreased in fiscal year 2016 and 2017 due to the effects of GASBS No. 68.
Unrestricted net position decreased in fiscal year 2018 due to the effects of GASBS Nos. 73 and 75.

Fiscal Year						
2015	2014	2013	2012	2011	2010	2009
\$ 50,817,680	\$ 66,710,355	\$ 25,210,993	\$ 19,058,506	\$ 20,774,973	\$ 15,998,188	\$ 15,165,875
73,575,133	46,825,511	43,334,118	44,096,686	44,940,707	46,155,321	47,376,503
124,392,813	113,535,866	68,545,111	63,155,192	65,715,680	62,153,509	62,542,378
5,560,386	-	-	-	-	-	-
129,953,199	113,535,866	68,545,111	63,155,192	65,715,680	62,153,509	62,542,378
8,501,598	5,969,686	3,269,057	9,183,036	3,239,815	2,884,979	3,774,723
63,660,124	65,738,686	27,473,315	19,832,587	29,404,163	26,638,300	31,024,832
72,161,722	71,708,372	30,742,372	29,015,623	32,643,978	29,523,279	34,799,555
21,221,774	-	-	-	-	-	-
93,383,496	71,708,372	30,742,372	29,015,623	32,643,978	29,523,279	34,799,555
28,370,475	29,980,258	29,155,144	26,971,686	24,225,707	21,885,321	18,345,192
852,641	217,755	767,399	588,933	841,639	1,246,548	525,953
7,346,587	11,629,481	7,880,196	6,578,950	8,004,356	9,498,361	8,871,678
<u>\$ 36,569,703</u>	<u>\$ 41,827,494</u>	<u>\$ 37,802,739</u>	<u>\$ 34,139,569</u>	<u>\$ 33,071,702</u>	<u>\$ 32,630,230</u>	<u>\$ 27,742,823</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
EXPENSES				
Instructional services	\$ 40,768,082	\$ 49,487,823	\$ 49,907,806	\$ 24,093,425
Support services	23,753,421	26,735,107	25,962,277	14,532,451
Enterprise and community services	3,142,288	3,460,916	3,181,898	2,019,680
Facilities acquisition and construction	2,342,307	3,554,919	4,460,894	3,577,005
Interest on long-term liabilities	1,836,724	1,867,984	1,848,912	1,886,502
<i>Total Expenses</i>	<u>71,842,822</u>	<u>85,106,749</u>	<u>85,361,787</u>	<u>46,109,063</u>
PROGRAM REVENUES				
Charges for services				
Instructional services	1,297,221	2,213,306	33,474	9,600
Support services	124,444	127,969	122,730	95,339
Enterprise and community services	290,861	207,019	233,911	306,370
Operating grants and contributions				
Instructional services	6,407,070	6,275,170	7,406,012	5,935,859
Support services	50,120	51,849	59,461	1,610,000
Enterprise and community services	24,027	23,535	20,758	20,657
<i>Total Program Revenues</i>	<u>8,193,743</u>	<u>8,898,848</u>	<u>7,876,346</u>	<u>7,977,825</u>
NET (EXPENSES)	(63,649,079)	(76,207,901)	(77,485,441)	(38,131,238)
GENERAL REVENUES				
Property taxes, levies for general purposes	14,977,715	14,297,136	13,794,212	13,130,246
Property taxes, levies for debt service	4,762,834	4,615,732	4,608,926	4,591,214
Construction excise tax	255,323	310,969	131,098	146,908
State school fund	38,659,745	34,751,908	35,072,395	31,631,980
Common school fund	623,529	759,223	734,385	604,536
Unrestricted state and local funds	554,214	481,682	520,694	653,526
Earnings on investments	463,102	323,047	228,111	285,080
Miscellaneous	546,446	630,773	1,174,623	1,167,159
Gain on disposal of capital assets	7,183	-	-	-
<i>Total General Revenues</i>	<u>60,850,091</u>	<u>56,170,470</u>	<u>56,264,444</u>	<u>52,210,649</u>
CHANGE IN NET POSITION	<u>\$ (2,798,988)</u>	<u>\$ (20,037,431)</u>	<u>\$ (21,220,997)</u>	<u>\$ 14,079,411</u>

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 29,306,992	\$ 28,827,126	\$ 31,164,003	\$ 31,566,430	\$ 31,519,646	\$ 32,129,947
18,122,976	18,036,716	19,391,817	18,954,506	17,719,441	17,433,684
2,334,837	3,268,376	2,170,139	2,214,326	2,293,078	2,733,372
3,308,316	444,777	764,784	1,098,761	1,072,767	2,009,000
1,315,665	518,847	961,803	985,368	1,221,821	1,362,204
<u>54,388,786</u>	<u>51,095,842</u>	<u>54,452,546</u>	<u>54,819,391</u>	<u>53,826,753</u>	<u>55,668,207</u>
12,820	66,859	36,672	261,179	40,261	36,643
88,289	103,846	110,103	92,905	92,134	93,174
283,623	276,587	295,732	314,864	367,139	412,233
5,526,146	5,380,686	7,222,202	7,773,885	7,703,515	8,548,194
1,579,747	1,555,538	1,519,739	1,289,311	1,500,842	1,504,546
28,561	46,945	21,607	22,868	23,056	22,558
<u>7,519,186</u>	<u>7,430,461</u>	<u>9,206,055</u>	<u>9,755,012</u>	<u>9,726,947</u>	<u>10,617,348</u>
(46,869,600)	(43,665,381)	(45,246,491)	(45,064,379)	(44,099,806)	(45,050,859)
12,021,803	12,092,378	12,040,513	11,729,231	11,625,360	10,965,811
4,747,104	4,489,989	4,267,847	4,219,233	6,284,317	6,511,439
153,512	144,847	76,936	123,933	215,977	1,339
31,184,043	28,116,085	27,621,735	26,359,638	28,060,932	27,971,623
592,073	626,493	567,476	546,375	565,602	442,920
505,212	752,783	389,885	1,345,120	1,125,136	1,500,375
242,200	121,277	136,170	106,622	136,313	440,774
1,448,408	1,166,475	1,213,796	1,075,699	973,576	1,902,992
-	-	-	-	-	-
<u>50,894,355</u>	<u>47,510,327</u>	<u>46,314,358</u>	<u>45,505,851</u>	<u>48,987,213</u>	<u>49,737,273</u>
<u>\$ 4,024,755</u>	<u>\$ 3,844,946</u>	<u>\$ 1,067,867</u>	<u>\$ 441,472</u>	<u>\$ 4,887,407</u>	<u>\$ 4,686,414</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Non-spendable	256,000	-	-	-
Committed	4,187	395,267	437,938	491,499
Unassigned	7,784,314	6,078,226	7,050,308	8,483,932
Total general fund	<u>\$ 8,044,501</u>	<u>\$ 6,473,493</u>	<u>\$ 7,488,246</u>	<u>\$ 8,975,431</u>
All Other Governmental Funds				
Unreserved, reported in:				
Debt service fund	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-
Non-spendable	52,366	39,967	43,592	23,505
Restricted	2,077,464	3,698,616	7,853,470	16,512,007
Committed	3,810,067	2,431,490	2,813,756	2,035,941
Assigned	3,192,151	3,244,820	3,097,380	3,198,572
Total all other governmental funds	<u>\$ 9,132,048</u>	<u>\$ 9,414,893</u>	<u>\$ 13,808,198</u>	<u>\$ 21,770,025</u>

In 2011, the District adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement changed the categories for reporting fund balance in governmental funds. Accordingly, beginning in 2011 the fund balances are reported in this manner for statistical purposes.

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 6,857,188	\$ 4,753,070
-	-	-	-	-	-
506,520	517,427	-	-	-	-
9,242,354	5,606,433	4,704,418	5,967,496	-	-
<u>\$ 9,748,874</u>	<u>\$ 6,123,860</u>	<u>\$ 4,704,418</u>	<u>\$ 5,967,496</u>	<u>\$ 6,857,188</u>	<u>\$ 4,753,070</u>
\$ -	\$ -	\$ -	\$ -	\$ 902,653	\$ 575,618
-	-	-	-	4,555,820	5,356,730
24,107	26,608	35,130	99,480	-	-
46,897,897	11,036,495	240,399	6,515,216	-	-
1,216,115	1,150,613	1,511,931	1,474,171	-	-
2,855,935	2,645,022	2,412,139	2,748,797	-	-
<u>\$ 50,994,054</u>	<u>\$ 14,858,738</u>	<u>\$ 4,199,599</u>	<u>\$ 10,837,664</u>	<u>\$ 5,458,473</u>	<u>\$ 5,932,348</u>

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2018	2017	2016	2015
REVENUES				
Local sources	\$ 23,201,414	\$ 22,874,423	\$ 20,685,904	\$ 19,996,500
Intermediate sources	1,590,709	1,413,513	1,823,136	2,456,056
State sources	39,881,036	35,744,779	37,146,370	34,547,412
Federal sources	6,048,357	6,169,925	6,094,870	5,418,416
<i>Total Revenues</i>	<u>70,721,516</u>	<u>66,202,640</u>	<u>65,750,280</u>	<u>62,418,384</u>
EXPENDITURES				
Current operating				
Instruction	36,900,233	37,471,572	36,264,812	33,456,684
Support services	23,100,711	22,188,147	21,872,637	21,165,499
Enterprise and community services	2,929,725	2,939,729	2,607,229	2,428,783
Facilities acquisition & construction	423,191	1,235,535	1,553,429	2,457,010
Debt service				
Principal	3,053,909	2,699,000	2,435,000	1,720,000
Interest	2,016,200	2,039,497	2,200,659	3,037,189
Refinancing costs	-	-	-	-
Capital outlay	2,674,843	3,107,621	8,265,526	28,150,691
<i>Total Expenditures</i>	<u>71,098,812</u>	<u>71,681,101</u>	<u>75,199,292</u>	<u>92,415,856</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(377,296)	(5,478,461)	(9,449,012)	(29,997,472)
OTHER FINANCING SOURCES (USES)				
Transfers in	484,974	816,962	538,453	865,043
Transfers out	(484,974)	(816,962)	(538,453)	(865,043)
Issuance of long-term debt	1,600,000	4,162,000	-	-
Amounts paid to fiscal agent	-	(4,091,597)	-	-
Proceeds from the sale of property	7,183	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>1,607,183</u>	<u>70,403</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,229,887</u>	<u>\$ (5,408,058)</u>	<u>\$ (9,449,012)</u>	<u>\$ (29,997,472)</u>
Debt service as a percentage of noncapital expenditures	7.41%	6.91%	6.93%	7.40%

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 19,316,806	\$ 18,762,877	\$ 18,223,061	\$ 18,183,929	\$ 19,790,163	\$ 20,361,686
1,502,394	465,757	418,279	874,694	433,750	242,992
33,500,167	30,489,306	31,260,764	28,453,842	30,724,706	31,914,429
5,523,511	5,246,800	5,785,666	8,042,691	7,715,540	7,765,998
<u>59,842,878</u>	<u>54,964,740</u>	<u>55,687,770</u>	<u>55,555,156</u>	<u>58,664,159</u>	<u>60,285,105</u>
29,444,718	28,871,580	31,159,833	31,229,822	31,135,433	33,178,509
19,330,945	18,001,375	19,370,791	18,982,380	17,681,195	18,751,455
2,307,429	2,120,990	2,142,818	2,132,277	1,193,441	1,369,479
2,131,372	848,373	4,231	-	-	-
3,695,000	3,760,000	9,575,000	3,555,000	4,770,000	4,410,000
744,293	556,954	961,623	1,023,828	1,193,441	1,369,479
-	-	-	85,000	-	-
4,813,715	24,105	374,617	42,350	42,350	1,559,146
<u>62,467,472</u>	<u>54,183,377</u>	<u>63,588,913</u>	<u>57,050,657</u>	<u>56,015,860</u>	<u>60,638,068</u>
(2,624,594)	781,363	(7,901,143)	(1,495,501)	2,648,299	(352,963)
40,000	1,251,601	977,634	467,506	1,300,000	862,010
(40,000)	(1,251,601)	(977,634)	(467,506)	(1,300,000)	(862,010)
42,384,924	22,843,994	-	5,985,000	-	-
-	(11,365,000)	-	-	-	-
-	-	-	-	-	-
<u>42,384,924</u>	<u>11,478,994</u>	<u>-</u>	<u>5,985,000</u>	<u>-</u>	<u>-</u>
<u>\$ 39,760,330</u>	<u>\$ 12,260,357</u>	<u>\$ (7,901,143)</u>	<u>\$ 4,489,499</u>	<u>\$ 2,648,299</u>	<u>\$ (352,963)</u>
7.70%	7.97%	16.67%	8.03%	10.65%	9.78%

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
ASSESSED VALUES OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT NO. 52 BOUNDARIES
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Assessed Value (not including exempt property)				Total Assessed Value	Total Direct Tax Rate	Amount Tax Rate Will Raise	Less: Reduction and Adjustments	Total Taxes Imposed (Net Levy)
	Real Property	Personal Property	Manufactured Structure	Public Utility					
2018	\$ 3,102,822,094	\$ 132,792,535	\$ 67,119,581	\$ 211,648,939	\$ 3,514,383,149	5.93	\$ 20,822,720	\$ (200,899)	\$ 20,621,821
2017	2,949,074,402	125,753,101	62,839,372	173,178,610	3,310,845,485	5.94	19,660,131	(236,726)	19,423,405
2016	2,846,651,434	115,457,228	60,451,992	163,103,130	3,185,663,784	6.04	19,235,675	(230,606)	19,005,069
2015	2,699,161,238	107,747,411	56,388,531	144,893,183	3,008,190,363	6.13	18,440,206	(184,899)	18,255,307
2014	2,596,180,808	107,636,361	55,751,335	137,735,580	2,897,304,084	6.06	17,557,662	(358,808)	17,198,854
2013	2,515,540,078	108,118,076	60,774,386	133,673,430	2,818,105,970	6.15	17,331,351	(313,060)	17,018,291
2012	2,451,476,747	111,719,503	60,736,127	135,062,690	2,758,995,067	6.11	16,857,459	(199,736)	16,657,723
2011	2,705,151,293	n/a	n/a	n/a	2,705,151,293	6.13	16,582,577	(143,546)	16,439,031
2010	2,669,362,520	n/a	n/a	n/a	2,669,362,520	6.88	18,365,214	77,498	18,442,712
2009	2,527,522,943	n/a	n/a	n/a	2,527,522,943	7.16	18,097,064	(131,120)	17,965,944

Notes:
Beginning July 1, 1997 property taxes were based on an assessed value. Assessed value is defined as the lower of "maximum assessed value" or "real market value." For the 1997-1998 tax year, "maximum assessed value" was set at the 1995-1996 real market value less 10 percent. Assessed value for later years is limited to 3 percent annual increases.

The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source:
FY 2008-2017: Oregon Department of Revenue Property Tax Statistics Supplement for the appropriate fiscal year.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	General		Total Direct Tax Rate
	General Tax Permanent Rate	Obligation Debt Service Rate	
2018	\$ 4.5067	\$ 1.42	\$ 5.93
2017	4.5067	1.43	5.94
2016	4.5067	1.53	6.04
2015	4.5067	1.62	6.13
2014	4.5067	1.55	6.06
2013	4.5067	1.64	6.15
2012	4.5067	1.60	6.11
2011	4.5067	1.62	6.13
2010	4.5067	2.37	6.88
2009	4.5067	2.65	7.16
2008	4.5067	2.30	6.80

Overlapping Total Property Tax Rates

Fiscal Year	Lane				
	City of Eugene	Junction City Water Control	Lane County	Community College	River Road Park and Recreation
2018	\$ 7.9642	\$ 0.2523	\$ 1.6743	\$ 0.8464	\$ 3.5259
2017	8.0223	0.2523	1.6743	0.8419	3.5259
2016	7.9659	0.2523	1.8293	0.8198	3.5259
2015	7.9800	0.2523	1.9345	0.8616	3.8535
2014	9.3880	0.0252	1.3876	0.8646	3.8631
2013	8.1376	0.0253	1.3908	0.8640	3.8730
2012	8.1842	0.0283	1.3942	0.8782	3.8791
2011	8.4400	0.2800	1.3900	0.8600	3.8900
2010	8.4257	0.2900	1.3971	0.8534	3.9026
2009	8.5498	0.3000	1.4007	0.8705	3.4631
2008	8.0458	0.3115	1.4020	0.8306	3.4789

The permanent and local option tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November general election in even numbered years. Rates for debt service are set based on each year's requirements.

Source: Lane County Department of Assessment and Taxation.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
PRINCIPAL PROPERTY TAXPAYERS FOR LANE COUNTY
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank ¹	Percentage of Total Taxable	Taxable Assessed Value	Rank	Percentage of Total Taxable
Ten Largest Taxpayers						
Verizon Communications	\$ 66,681,000	1	1.90 %			
Weyerhaeuser NR Company	56,145,960	2	1.61			
Seneca Sawmill Co	80,188,918	2	2.28			
Shepard Investment Group LLC	31,072,365	4	0.88			
Seneca Sustainable Energy LLC	44,346,850	5	1.27			
Commons At Pilot Butte LLC	21,173,095	6	0.60			
Flakeboard America LTD	21,596,257	7	0.61			
SFPP LP	31,670,449	8	0.90			
Taft Group 1 Inc	17,450,640	9	0.50			
Metropolitan Life Ins Co	16,561,295	10	0.47			
Subtotal of Ten Largest Taxpayers	386,886,829		11.0			
All Other Taxpayers	3,127,496,320		89.0			
Total All Taxpayers	<u>\$ 3,514,383,149</u>		<u>100.00%</u>			
Ten Largest Taxpayers (Nine Years Ago)						
Hynix SemiConductor Mfg America Inc				\$ 393,442,612	1	15.6 %
IP Eat Three LLC				180,899,840	2	7.2
QWEST Corp				132,656,300	3	5.2
Weyerhaeuser Co				197,094,230	4	7.8
Valley River Center				96,563,639	5	3.8
Northwest Natural Gas				90,188,800	6	3.6
Symantec				76,191,959	7	3.0
Peacehealth				394,580,034	8	15.6
Gateway Mall Partners				56,193,275	9	2.2
Verizon Communications				50,342,900	10	2.0
Subtotal of Ten Largest Taxpayers				1,668,153,589		66.0
All Other Taxpayers				859,369,354		34.0
Total All Taxpayers				<u>\$ 2,527,522,943</u>		<u>100.00%</u>

¹ Ranking is based on amount of tax and not assessed valuation

Source:
Lane County, Division of Assessment and Taxation.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Net Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 20,583,567	\$ 19,688,268	95.65%	\$ 281,792	\$ 19,970,060	97.02%
2017	19,406,588	18,390,467	94.76	318,070	18,708,537	96.40
2016	18,980,851	17,958,916	94.62	269,714	18,228,630	96.04
2015	18,212,398	17,289,838	94.93	304,345	17,594,183	96.61
2014	17,195,775	16,316,341	94.89	381,160	16,697,501	97.10
2013	16,996,461	16,002,240	94.15	430,373	16,432,613	96.68
2012	16,646,181	15,719,062	94.43	284,977	16,004,039	96.14
2011	16,405,982	15,448,487	94.16	581,194	16,029,681	97.71
2010	18,218,034	17,262,537	94.76	495,169	17,757,706	97.47
2009	18,178,219	16,870,053	92.80	413,623	17,283,676	95.08

Note:

The net taxes levied are for Lane county. Responsibility for the collection of all property taxes rests within the County's Department of Assessment and Taxation. Current taxes are assessed as of July, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

¹ The net levy is the actual imposed tax after adjustments and constitutional property tax limitations due to the passing of Measure 5 in 1990 and Measure 50 in 1997.

Source: SAL Table 4A, Line 28

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

General Bonded Debt

Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net General	Percentage of Actual Taxable Value of Property	Per Student
			Obligation Bonds Outstanding		
2018	\$ 54,457,992	\$ 376,566	\$ 54,081,426	1.55%	\$ 9,842
2017	56,262,118	541,909	55,720,209	1.70	10,061
2016	58,359,335	652,324	57,707,011	1.83	10,403
2015	61,144,552	540,056	60,604,496	2.03	10,878
2014	63,214,769	498,159	62,716,610	2.18	11,829
2013	24,810,927	394,125	24,416,802	0.88	4,391
2012	17,125,000	6,161,960	10,963,040	0.62	3,038
2011	26,700,000	6,504,408	20,195,592	0.99	4,702
2010	24,270,000	890,198	24,270,000	0.91	4,261
2009	28,990,000	561,148	28,428,852	1.15	5,082

Other Governmental Activities Debt

Fiscal Year	Capital Leases	Total Debt as Percentage of Personal Income		
		Total District	Per Student	Per Capita
2018	\$ -	\$ 54,457,992	\$ 9,842	\$ n/a*
2017	-	56,262,118	10,061	150
2016	-	58,359,335	10,403	158
2015	-	61,144,552	10,878	168
2014	-	63,214,769	11,829	176
2013	-	24,810,927	4,391	70
2012	-	17,125,000	3,038	48
2011	-	26,700,000	4,702	76
2010	-	24,270,000	4,261	69
2009	50,000	28,990,000	5,082	84

* Data not available at time of publishing

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Source: School District records

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018

Overlapping Issuer	Overlapping Net Property-tax Backed Debt	Percent Overlapping	Overlapping Debt
City of Eugene	\$ 14,179,000	15.68 %	\$ 2,222,870
Lane Community College	59,555,000	9.52	5,671,542
Lane County	23,705,000	9.66	2,289,998
Lane ESD	6,485,000	9.68	628,014
River Road Parks & Recreation	509,000	1.89	9,629
Subtotal, overlapping debt	\$ 104,433,000		10,822,053
Direct District net property-tax backed debt			51,305,258
Total direct and overlapping debt			\$ 62,127,311

1 The overlapping debt is the issuer's Net Property-tax Backed Debt times the percentage of taxable value within the District's boundaries.

Source: Oregon State Treasury, Debt Management Division.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 200,938,074	\$ 212,214,320	\$ 215,059,528	\$ 194,832,608	\$ 199,985,436	\$ 206,396,374	\$ 214,583,318	\$ 226,308,789	\$ 234,451,415	\$ 246,674,356
Total net debt applicable to limit	<u>28,990,000</u>	<u>23,367,347</u>	<u>20,184,784</u>	<u>26,459,601</u>	<u>22,465,601</u>	<u>62,716,610</u>	<u>60,604,496</u>	<u>57,707,011</u>	<u>55,720,209</u>	<u>54,081,426</u>
Legal debt margin	<u>\$ 171,948,074</u>	<u>\$ 188,846,973</u>	<u>\$ 194,874,744</u>	<u>\$ 168,373,007</u>	<u>\$ 177,519,835</u>	<u>\$ 143,679,764</u>	<u>\$ 153,978,822</u>	<u>\$ 168,601,778</u>	<u>\$ 178,731,206</u>	<u>\$ 192,592,930</u>
Total net debt applicable to the limit as a percentage of debt limit	14.43%	11.01%	9.39%	13.58%	11.23%	30.39%	28.24%	25.50%	23.77%	21.92%

¹ ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the District based on the following:

^A For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.

^B For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055	4.95%
^B Ninth through twelfth, 4 x .0075	<u>3.00%</u>
Allowable Percentage	<u><u>7.95%</u></u>

Source: Lane County Department of Assessment and Taxation.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> <i>(thousands of dollars)</i>	<u>Per Capita</u> <u>Personal Income</u>	<u>Unemployment Rate</u>
2018	n/a	n/a	n/a	4.2 %
2017	\$ 374,748	\$ 16,275,162	\$ 43,430	4.4
2016	369,519	15,160,278	41,027	5.2
2015	362,895	14,468,971	39,871	6.5
2014	358,337	13,392,647	37,374	6.7
2013	356,212	12,724,475	36,630	7.9
2012	354,542	12,778,642	35,940	8.9
2011	353,155	12,524,642	35,465	9.5
2010	351,109	11,525,524	32,826	10.4
2009	346,560	11,644,790	33,601	12.9

Sources:

Population, personal income and per capita information: US Department of Commerce, Bureau of Economic Analysis. Regional Economic Accounts AMSA04-Advance Metropolitan Statistical Area Income Summary Eugene-Springfield, Unemployment rate information: Oregon Employment Department Labor Force Data.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
PRINCIPAL EMPLOYERS FOR THE EUGENE AREA
CURRENT YEAR AND NINE YEARS AGO

<i>Company</i>	2018			2009		
	<i>Number of Employees</i>	<i>Rank</i>	<i>Percentage of Total Employment</i>	<i>Number of Employees</i>	<i>Rank</i>	<i>Percentage of Total Employment</i>
PeaceHealth Corporation	6,257	1	3.88 %	4,300	1	2.87 %
University of Oregon	5,417	2	3.36	3,676	2	2.46
Lane County School District 4J	2,515	3	1.56	2,119	4	1.42
City of Eugene	1,828	4	1.13	1,452	7	0.97
U.S. Government	1,769	5	1.10	1,800	5	1.20
Lane Community College	1,632	6	1.01	2,531	3	1.69
Lane County Government	1,616	7	1.00	1,162	8	0.78
Springfield School District	1,379	8	0.85	1,786	6	1.19
Mckenzie-Willamette Medical Center	988	9	0.61	750	10	0.50
Royal Carribean	800	10	0.50	NA	-	-
State of Oregon	0		NA	1,100	9	0.74
<i>Total Major Employers</i>	24,201		15.00	20,676		13.82
<i>Total All Employers</i>	161,340		100.00 %	149,600		100.00 %

Source:

Eugene Chamber of Commerce and Oregon Employment Department

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NUMBER OF FULL TIME EQUIVALENT (FTE) EMPLOYEES
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>Certified</i>	<i>Classified</i>	<i>Administrative</i>	<i>Total</i>
2018	285	301	46	632
2017	285	295	45	625
2016	297	310	45	652
2015	287	316	44	647
2014	270	344	40	654
2013	261	334	39	634
2012	287	340	38	665
2011	289	346	39	674
2010	297	330	43	670
2009	336	362	44	742
2008	330	305	43	678

Source:
District Budget Office/ Management Information Services.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<i>Fiscal Year Ended June 30,</i>	<i>General Fund Expenditures</i>	<i>Enrollment</i>	<i>Cost per Pupil</i>	<i>Percentage Change</i>	<i>Certified Staff</i>	<i>Pupil/Teacher Ratio</i>	<i>ADMr</i>
2018	\$ 53,531,492	5,533	\$ 9,674.95	6.50 %	285	19.41	5,516.49
2017	50,914,272	5,592	9,104.84	0.58	285	19.62	5,561.06
2016	51,472,034	5,610	9,175.05	9.01	297	18.89	5,574.95
2015	47,309,581	5,621	8,416.60	8.77	287	19.59	5,356.59
2014	43,526,847	5,625	7,738.11	7.28	270	20.83	5,344.05
2013	40,752,717	5,650	7,212.87	-7.50	261	21.65	5,649.65
2012	43,954,506	5,637	7,797.50	1.69	287	19.64	5,637.04
2011	43,536,972	5,678	7,667.66	1.18	289	19.65	5,677.60
2010	43,172,293	5,697	7,578.07	-1.36	297	19.18	5,696.34
2009	43,830,049	5,705	7,682.74	3.77	336	16.98	5,705.01
2008	42,805,914	5,782	7,403.31	7.03	330	17.52	5,782.33

Note:

Student enrollment figures are as of October 1.

Source:

School District records

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
OPERATING STATISTICS - CAPITAL ASSETS
YEAR ENDED JUNE 30, 2018

<u>Building</u>	<u>Original Year Built</u>	<u>Square Feet</u>	<u>Student Capacity</u>	<u>Student Capacity Used</u>	<u>Percent Used</u>
Administration Complex	1950	10,600	N/A	N/A	N/A
Clear Lake Elementary	1976	51,800	416	262	63 %
Danebo Elementary	1965	46,200	464	300	65
Fairfield Elementary	2015	65,000	680	357	53
Irving Elementary	1965	56,000	492	368	75
Malabon Elementary	2015	61,500	760	437	58
Meadow View School	1998	114,800	836	776	93
Prairie Mountain School	2004	125,700	848	704	83
Cascade Middle School	1955	86,700	504	330	65
Shasta Middle School	1961	88,900	560	420	75
Kalapuya Alternative School	2002	12,400	175	84	48
Willamette High School	1949	265,770	1,550	1,495	96
			<u>7,285</u>	<u>5,533</u>	<u>76 %</u>

Source:
School District records.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
OPERATING STATISTICS - FREE AND REDUCED LUNCHES
YEAR ENDED JUNE 30, 2018

<u>School</u>	<u>Enrollment</u>	<u>Non-Community Eligibility Provision (CEP) Counts by School</u>		
		<u>Free</u>	<u>Reduced</u>	<u>Percent Free or Reduced</u>
Irving Elementary	375	114	28	38 %
Meadow View School	786	261	53	40
Prairie Mountain School	711	358	80	62
Shasta Middle	408	152	33	45
Willamette High School	1,406	502	111	44
Total	3,686	1,387	305	46%

Non-CEP Schools reflect actual Free and Reduced percentages.

<u>School</u>	<u>Enrollment</u>	<u>Community Eligibility Provision (CEP) Counts by School</u>		
		<u>Identified Eligible</u>	<u>Factor</u>	<u>Percent Free or Reduced</u>
Clear Lake Elementary	259	120	1.6	74 %
Danebo Elementary	304	143	1.6	75
Fairfield Elementary	346	213	1.6	98
Malabon Elementary	434	209	1.6	77
Cascade Middle	341	165	1.6	77
Kalapuya Alternative School	116	53	1.6	73
Total	1,800	903	1.6	80%
District Totals	5,486		3,137	57%

Community Eligibility Provision (CEP) is a meal service option for school districts allowing breakfast and lunch to be served at no cost to all enrolled students. A proxy percentage is used based on multiplying the number of students identified eligible for SNAP, TANF or FDPIR benefits, are certified McKinney-Vento, migrant or in foster care.

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Bethel School District No. 52
Eugene, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Bethel School District No. 52, Lane County, Oregon (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 28, 2018.

Compliance and Other Matters

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

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for expenditures that exceeded budget appropriations as noted in the notes to the basic financial statements.


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.

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Bethel School District No. 52 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 28, 2018

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
U.S. Department of Education			
Direct programs			
Indian Education Grants to Local Educational Agencies	#S060A172424	84.060A	\$ 4,534
Passed Through Oregon Department of Education			
Title I Grants to Local Education Agencies	41011	84.010	176,390
Title I Grants to Local Education Agencies	45548	84.010	1,485,017
Title I Grants to Local Education Agencies	41193	84.010	11,904
<i>Subtotal Title I Grants to Local Educational Agencies</i>			1,673,311
Special Education Cluster (IDEA)			
Extended Assessment Development Grant 17-18	46073	84.027	311,919
IDEA Part B, Section 611 16-17	41471	84.027	566,973
IDEA Part B, Section 611 17-18	45136	84.027	382,064
SPR & I 17-18	44336	84.027	6,551
Extended Assessment 17-18	45024	84.027	535
IDEA Enhancement 16-17	42596	84.027	3,771
IDEA Enhancement 17-18	46381	84.027	12,170
Post School Outcomes	48387	84.027	321
<i>Subtotal Special Education - Grants to States</i>			1,284,304
IDEA Part B, Section 619 17-18	45344	84.173	6,052
<i>Subtotal Special Education Grants Cluster (IDEA)</i>			1,290,356
Special Education - State Personnel Development	47582	84.323	15,763
Title III - Language Acquisition 15-16	36307	84.365	7,485
Title III - Language Acquisition 16-17	41743	84.365	14,631
Title III - Language Acquisition 17-18	44199	84.365	4,141
<i>Subtotal English Language Acquisition State Grants</i>			26,257
Title IIA - Improving Teacher Quality 15-16	36124	84.367	3,833
Title IIA - Improving Teacher Quality 16-17	41266	84.367	17,705
Title IIA - Improving Teacher Quality 17-18	45762	84.367	75,221
<i>Subtotal Supporting Effective Instruction State Grants</i>			96,759
Passed through Oregon Department of Human Resources, Office of Vocational Rehabilitation Services			
Rehabilitation Services - Vocational Rehabilitation Grants to States	154894	84.126	57,617
Passed Through Lane ESD			
Education for Homeless Children and Youth 16-17	36478	84.196	1,265
Career and Technical Education - Basic Grants to States	IGA LESD	84.048	30,543

See notes to schedule of expenditures of federal awards.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
Passed Through Springfield Public School			
Arts in Education - Year 3	IGA Springfield SD	84.351	\$ 11,528
Total U.S. Department of Education			3,207,933
Corporation for National and Community Service (CNCS)			
Passed Through Bethel Education Foundation			
Social Innovation Fund - KITS	N/A	94.019	35,028
Social Innovation Fund - KITS	N/A	94.019	1,221
<i>Subtotal Social Innovation Fund</i>			36,249
Total Corporation for National and Community Service (CNCS)			36,249
U.S. Department of Labor			
Passed through Lane Workforce Partnership			
<i>WIOA Cluster</i>			
WIOA Youth Activities	31082	17.259	115,811
<i>Subtotal WIOA Cluster</i>			115,811
Total U.S. Department of Labor			115,811
U.S. Department of Transportation			
Passed through Oregon Department of Transportation			
<i>Highway Planning and Construction Cluster</i>			
Safe Routes to School 17-18 Project	IGA 2017-70	20.205	46,614
<i>Subtotal Highway Planning and Construction Cluster</i>			46,614
Total U.S. Department of Transportation			46,614
U.S. Department of Health & Human Services			
<i>CCDF Cluster</i>			
<i>Passed through Oregon Employment Department</i>			
Child Care and Development Block Grant	156215	93.575	59,022
<i>Subtotal CCDF Cluster</i>			59,022
Passed through United Way of Lane County			
Promoting Safe and Stable Families	N/A	93.556	9,000
Total U.S. Department of Health & Human Services			68,022

See notes to schedule of expenditures of federal awards.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
U.S. Department of Interior			
Passed through Bureau of Land Management Oregon State Office			
Recreation and Visitor Services	GRNT0962	15.225	\$ 365
Secure Rural Schools and Community Self-Determination	L14AC00203	15.234	24,712
Total U.S. Department of Interior			25,077
U.S. Department of Agriculture			
Direct programs			
Farm to School Grant Program	CN-F2S-IMP-17-OR-01	10.575	43,470
Passed Through Lane County, Oregon			
<i>Forest Service Schools and Roads Cluster</i>			
Schools and Roads - Grants to States	N/A	10.665	245,157
<i>Subtotal Forest Service Schools and Roads Cluster</i>			245,157
Passed Through Oregon Department of Education			
<i>Child Nutrition Cluster</i>			
National School Breakfast Programs	N/A	10.553	500,778
National School Lunch Programs	N/A	10.555	1,383,719
National School Lunch Program Commodity Value Received	N/A	10.555	186,814
Summer Food Service Program for Children	N/A	10.559	21,707
<i>Subtotal Child Nutrition Cluster</i>			2,093,018
State Administrative Expenses for Child Nutrition	N/A	10.560	1,064
Child and Adult Care Food Program	N/A	10.558	70,238
Fresh Fruit and Vegetable Program	42986	10.582	1,834
Fresh Fruit and Vegetable Program	46359	10.582	16,311
Fresh Fruit and Vegetable Program	43032	10.582	1,561
Fresh Fruit and Vegetable Program	46360	10.582	15,300
Fresh Fruit and Vegetable Program	43033	10.582	1,812
Fresh Fruit and Vegetable Program	46361	10.582	18,179
Fresh Fruit and Vegetable Program	43034	10.582	2,258
Fresh Fruit and Vegetable Program	46362	10.582	22,704
<i>Subtotal Fresh Fruit and Vegetable Program</i>			79,959
Total U.S. Department of Agriculture			2,532,906

See notes to schedule of expenditures of federal awards.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2018

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
U.S. Environmental Protection Agency			
Passed through Corvallis Environmental Center			
Environmental Education Grants	N/A	66.951	384
Total U.S. Environmental Protection Agency			384
U.S. Department of Defense			
Passed through Department of the Army, Office of the Chief of Engineers			
Youth Conservation Services	W9127N-14-2-0013-0004	12.010	15,361
Total Federal Expenditures			\$ 6,048,357

* Includes noncash donated commodities

See notes to schedule of expenditures of federal awards.

BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present either the financial position, changes in fund balances, or the operating funds’ revenues and expenditures for the District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

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

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the Bethel School District No. 52 are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in the notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2018.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

School Board
Bethel School District No. 52
Eugene, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Bethel School District No. 52, Lane County, Oregon (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS

December 28, 2018



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Bethel School District No. 52
Eugene, Oregon

Report on Compliance for Each Major Federal Program

We have audited Bethel School District No. 52, Lane County, Oregon (the 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 District's major federal programs for the year ended June 30, 2018. 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 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 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 District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the 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 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 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.

Purpose of this Report

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.


CERTIFIED PUBLIC ACCOUNTANTS

December 28, 2018

BETHEL SCHOOL DISTRICT NO. 52. LANE COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major federal program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.