

***BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON***

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***EUGENE, OREGON***

***Comprehensive Annual Financial Report  
Year Ended June 30, 2017***

*Prepared By*

*Business Services Department  
Simon Levear, Director*

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December 15, 2017

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, 2017 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, 2017, 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, 2017, 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 5,577. Enrollment projections for the 2018-19 school year reflect a slight decrease to 5,557. 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 2 year to 52 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 (12 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, 2016. This was the twenty-first 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.

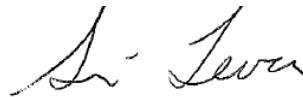
Many individuals throughout the District provided information needed for the preparation of this report. We wish to express our appreciation to the staff of Bethel’s Business Services Department and Administrative Office. Staff: Nancy Porter, Bridget Wadsworth, Kathleen Larsen, Connie Quinn, Nathan Voelsch, 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

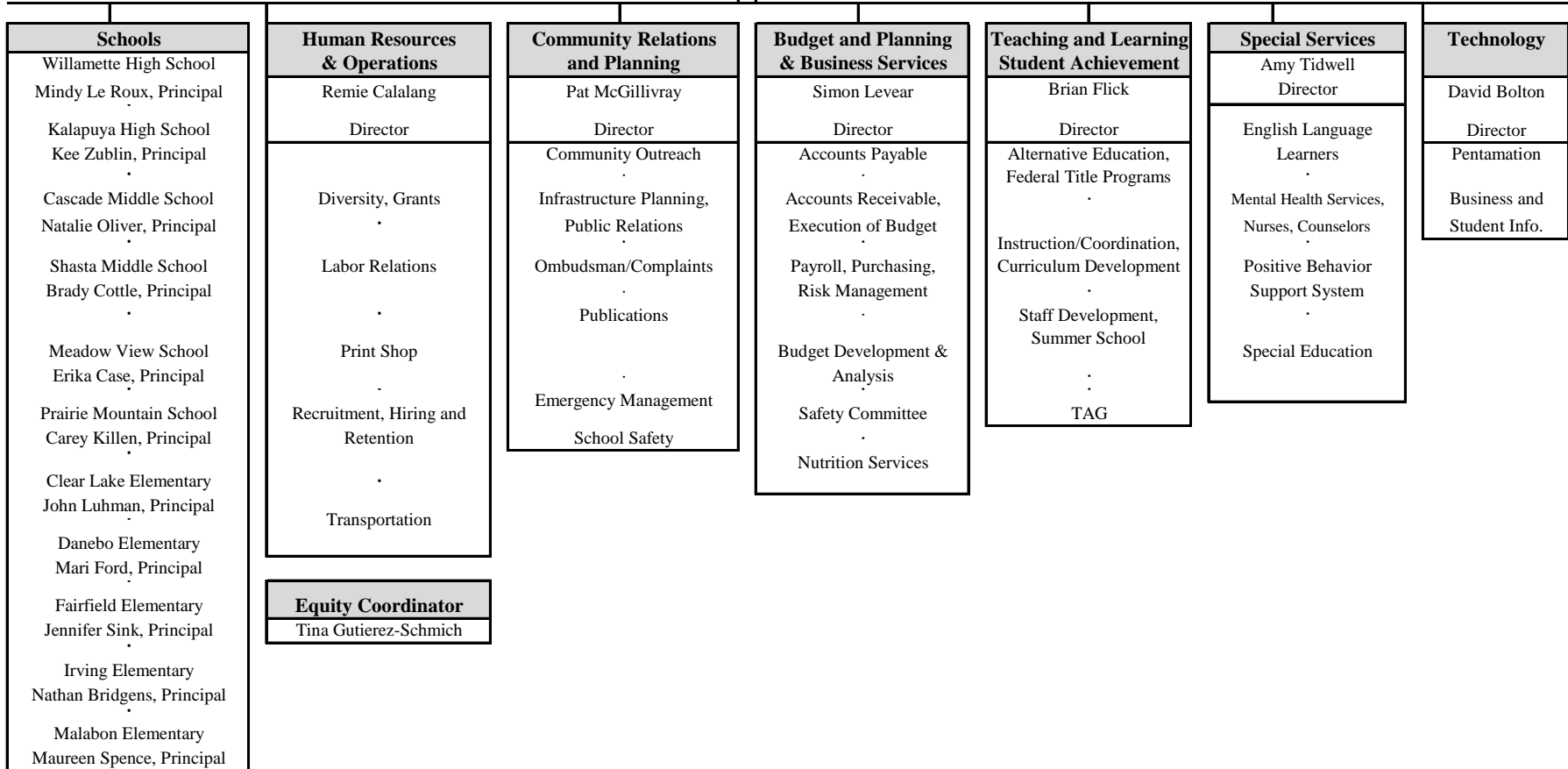
**June 30, 2016**

Executive Director/CEO



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

**Superintendent**  
Chris Parra



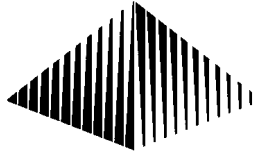
***BOARD OF DIRECTORS***

Rich Cunningham 4150 Quest Drive #128 Eugene, Oregon 97402	Chairperson
Dawnja Johnson 575 Cottonwood Place Eugene, Oregon 97404	Vice-Chairperson
Alan Laisure 27554 6 <sup>th</sup> Street Junction City, Oregon 97448	Director
Debi Farr 1929 Praslin Street Eugene, Oregon 97402	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



## 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 No. 52, Lane County, Oregon (the District) as of and for the year ended June 30, 2017, 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 No. 52, Lane County, Oregon as of June 30, 2017, 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.

## ***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), the schedules of funding progress for other postemployment benefits, the schedule of the proportionate share of the net pension liability for PERS, the schedule of contributions for PERS, the General Fund combining schedule, and the budgetary comparison information for the General and major Special Revenue funds 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 MD&A, the schedules of funding progress for other postemployment benefits, the schedule of the proportionate share of the net pension liability for PERS, and the schedule of contributions for PERS in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund combining schedule and budgetary comparison information for the General and major Special Revenue funds is the responsibility of management and were 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, other supplementary information, 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The other supplementary information 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 15, 2017, 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 15, 2017, 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, A Shareholder  
December 15, 2017

**BETHEL SCHOOL DISTRICT No. 52**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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, 2017. 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, 2017 was \$7.5 million. Net position is composed of net investment in capital assets (\$30.3 million), restricted (.9 million), and a deficit in unrestricted (\$23.8 million).
- The District's total net position decreased by \$7.9 million for the fiscal year, a 51.2 percent decrease in the District's financial position as compared to the prior year. This change is mainly due to adjustments related to pension expenses.
- The District's governmental funds reported a combined ending fund balance of \$15.9 million, a decrease of \$5.4 million from the prior year. Approximately 38.3 percent of this total amount, \$6.1 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 \$6.1 million, which represents about 11.9 percent of total General Fund expenditures.
- Total cost of all the District's programs was \$72.9 million for the fiscal year, a decrease of \$12.4 million (14.6 percent) from the prior year.
- The District's total long-term liabilities increased by \$37.3 million (43.3 percent) during the 2016-17 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 51 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 \$7.4 million on June 30, 2017.

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, represent approximately 408 percent of total net position. 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, PERS net pension liability, and other postemployment benefit obligations, comprise approximately 96 percent of its total liabilities. Current liabilities consist almost entirely of payables on accounts and payroll benefits.

**Bethel School District No. 52**  
**Statements of Net Position**  
**June 30,**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current and other assets	\$ 22,294,555	\$ 27,426,735	\$ (5,132,180)
Capital assets, net	79,296,438	78,330,746	965,692
<i>Total assets</i>	<u>101,590,993</u>	<u>105,757,481</u>	<u>(4,166,488)</u>
Deferred outflows	36,221,034	7,314,155	28,906,879
<i>Total assets and deferred outflows</i>	<u>137,812,027</u>	<u>113,071,636</u>	<u>24,740,391</u>
Current liabilities	5,455,338	5,188,640	266,698
Long-term liabilities	123,589,069	86,267,132	37,321,937
<i>Total liabilities</i>	<u>129,044,407</u>	<u>91,455,772</u>	<u>37,588,635</u>
Deferred inflows	1,280,171	6,267,158	(4,986,987)
<i>Total liabilities and deferred inflows</i>	<u>130,324,578</u>	<u>97,722,930</u>	<u>32,601,648</u>
Net position:			
Net investment in capital assets	30,377,559	27,146,288	3,231,271
Restricted	878,207	975,048	(96,841)
Unrestricted	(23,768,317)	(12,772,630)	(10,995,687)
<i>Total net position</i>	<u>\$ 7,487,449</u>	<u>\$ 15,348,706</u>	<u>\$ (7,861,257)</u>

**Statement of Activities.** During the 2016-17 fiscal year, the District’s net position decreased by \$7.9 million as compared to a \$21.2 million decrease in 2015-16. The key elements in this change are the net effect of the following:

- Total revenues for the District’s governmental activities increased 3.4 percent.
- Total expenses for the District’s governmental activities decreased 14.6 percent



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

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
Program revenues			
Charges for services	\$ 2,548,294	\$ 390,115	\$ 2,158,179
Operating grants and contributions	6,350,554	6,284,569	65,985
General revenues			
Property taxes	18,912,868	18,403,138	509,730
State school fund	34,751,908	35,072,395	(320,487)
Other	2,505,694	2,788,911	(283,217)
<i>Total revenues</i>	<u>65,069,318</u>	<u>62,939,128</u>	<u>2,130,190</u>
Expenses			
Instructional services	41,671,944	49,907,806	(8,235,862)
Support services	22,809,470	25,962,277	(3,152,807)
Other	6,581,177	7,642,792	(1,061,615)
Interest on long-term liabilities	1,867,984	1,848,912	19,072
<i>Total expenses</i>	<u>72,930,575</u>	<u>85,361,787</u>	<u>(12,431,212)</u>
Change in net position	(7,861,257)	(21,220,997)	13,359,740
Net position, beginning of year	<u>15,348,706</u>	<u>36,569,703</u>	<u>(21,220,997)</u>
Net position, end of year	<u>\$ 7,487,449</u>	<u>\$ 15,348,706</u>	<u>\$ (7,861,257)</u>

**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, 2017, the District's governmental funds reported combined ending fund balances of \$15.9 million.

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2017, unassigned fund balance was \$6.1 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 12.0 percent of total General Fund revenues.

The fund balance decreased by \$1.0 million during the current fiscal year. The change is attributed, in part to budgeted General Fund transfers to other funds.

*Special Revenue Fund.* The Special Revenue Fund has a total fund balance of \$2.5 million at the end of the fiscal year. The fund balance decreased approximately \$386 thousand as a result of fewer funds received from intermediate and state sources 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 increased approximately \$147 thousand as a result of an increase in construction excise tax revenue received during the year.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$3.1 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.

*Debt Service Fund.* The Debt Service Fund has a total fund balance of \$564 thousand at the end of the fiscal year. The fund balance decreased approximately \$115 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 was one transfer 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 Miscellaneous Revenue. Actual revenue was \$246 thousand higher than anticipated, mostly due to an unexpected revenue.

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, 2017, the District had invested \$79.3 million in capital assets, net of accumulated depreciation.

**Capital Assets  
(net of depreciation)  
June 30,**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land and improvements	\$ 2,919,376	\$ 2,741,531	\$ 177,845
Construction in process	379,970	440,658	(60,688)
Building and improvements, equipment and vehicles	104,913,476	101,962,653	2,950,823
Accumulated depreciation	(28,916,384)	(26,814,096)	(2,102,288)
<b>Total</b>	<u><u>\$ 79,296,438</u></u>	<u><u>\$ 78,330,746</u></u>	<u><u>\$ 965,692</u></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, 2017, \$2.7 million of principal was paid on long-term debt. At June 30, 2017, the District had total bonded debt outstanding of \$52.8 million.

On November 9<sup>th</sup> 2016, the District issued General Obligation Bonds to advance refund portions of the outstanding 2013 series bonds, resulting in a defeasance of \$3.2 million. The advance refunding reduced total

future debt service over five years and obtained an economic gain between the debt service payments on the old and new debt.

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, 2017, the State School Fund General Purpose Grant provided approximately 53 percent of the District's total revenues, and 70 percent of the District's General Fund revenues. The District is expecting increasing revenue from the State School Fund for the year ended June 30, 2018, 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 2016-17 decreased 1.73 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 2017-18 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, 2017**

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**ASSETS**

Cash and investments	\$ 18,746,454
Receivables	3,508,134
Inventories	39,967
Capital assets not being depreciated	
Land	2,919,376
Construction in progress	379,970
Capital assets, net of accumulated depreciation	
Buildings	74,479,525
Equipment and vehicles	1,517,567
	<hr/>
<i>Total Assets</i>	101,590,993

**DEFERRED OUTFLOWS OF RESOURCES**

PERS deferred outflows	35,515,756
Deferred amount on refunding	705,278
	<hr/>
<i>Total Deferred Outflows of Resources</i>	36,221,034
	<hr/>
<i>Total Assets and Deferred Outflows of Resources</i>	137,812,027

**LIABILITIES**

Accounts payable and accrued liabilities	4,573,134
Unearned revenue	303,704
Accrued compensated absences	485,935
Accrued interest	92,565
Long-term liabilities	
Portion due within one year	3,053,909
Portion due in more than one year	53,208,209
Other postemployment benefit obligation - early retirement	1,705,561
Other postemployment benefit obligation - implicit rate subsidy	1,574,240
PERS net pension liability	64,047,150
	<hr/>
<i>Total Liabilities</i>	129,044,407

**DEFERRED INFLOWS OF RESOURCES**

PERS deferred inflows	1,280,171
	<hr/>
<i>Total Liabilities and Deferred Inflows of Resources</i>	130,324,578
	<hr/>

**NET POSITION**

Net investment in capital assets	30,377,559
Restricted for debt service	878,207
Unrestricted	(23,768,317)
	<hr/>
<i>Total Net Position</i>	<u>\$ 7,487,449</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, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental Activities:</b>				
Instructional services	\$ 41,671,944	\$ 2,213,306	\$ 6,275,170	\$ (33,183,468)
Support services	22,809,470	127,969	51,849	(22,629,652)
Enterprise and community services	3,067,107	207,019	23,535	(2,836,553)
Facilities maintenance services	3,514,070	-	-	(3,514,070)
Interest on long-term liabilities	1,867,984	-	-	(1,867,984)
<i>Total Governmental Activities</i>	<u>\$ 72,930,575</u>	<u>\$ 2,548,294</u>	<u>\$ 6,350,554</u>	(64,031,727)
<b>General Revenues:</b>				
Property taxes, levied for general purposes				14,297,136
Property taxes, levied for debt service				4,615,732
Construction excise tax				310,969
State school fund				34,751,908
Common school fund				759,223
Unrestricted state and local funds				481,682
Earnings on investments				323,047
Miscellaneous				630,773
<i>Total General Revenues</i>				<u>56,170,470</u>
<b>Change in net position</b>				(7,861,257)
<b>Net position - beginning</b>				<u>15,348,706</u>
<b>Net position - ending</b>				<u>\$ 7,487,449</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, 2017**

	<u>Special Revenue</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Projects</u>
<b>ASSETS</b>			
Cash and investments	\$ 10,380,484	\$ 1,558,622	\$ 3,092,641
Property taxes receivable	1,187,268	-	-
Other receivables	517,386	1,205,266	169,351
Inventories	-	39,967	-
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 12,085,138	\$ 2,803,855	\$ 3,261,992
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,396,588	\$ 30,006	\$ 15,860
Accrued salaries and benefits	2,092,891	-	-
Unearned revenue	-	302,392	1,312
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	4,489,479	332,398	17,172
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	1,122,166	-	-
<b>Fund Balance</b>			
Non-spendable inventory	-	39,967	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Committed to:			
Grants	-	2,431,490	-
Insurance services	395,267	-	-
Assigned to:			
Special projects	-	-	3,244,820
Unassigned	6,078,226	-	-
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	6,473,493	2,471,457	3,244,820
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$ 12,085,138	\$ 2,803,855	\$ 3,261,992
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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<i>Capital Projects</i>	<i>Debt Service</i>	<i>Total</i>
\$ 3,172,798	\$ 541,909	\$ 18,746,454
-	428,863	1,616,131
-	-	1,892,003
-	-	39,967
<hr/>	<hr/>	<hr/>
\$ 3,172,798	\$ 970,772	\$ 22,294,555
<hr/>	<hr/>	<hr/>
\$ 37,789	\$ -	\$ 2,480,243
-	-	2,092,891
-	-	303,704
<hr/>	<hr/>	<hr/>
37,789	-	4,876,838
-	407,165	1,529,331
-	-	39,967
3,135,009	-	3,135,009
-	563,607	563,607
-	-	2,431,490
-	-	395,267
-	-	3,244,820
-	-	6,078,226
<hr/>	<hr/>	<hr/>
3,135,009	563,607	15,888,386
<hr/>	<hr/>	<hr/>
\$ 3,172,798	\$ 970,772	\$ 22,294,555
<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, 2017**

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<b>FUND BALANCES</b>		\$ 15,888,386
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 108,212,822	
Accumulated depreciation	<u>(28,916,384)</u>	79,296,438
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.		1,529,331
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	(92,565)	
Accrued compensated absences	(485,935)	
Bonds payable	(56,262,118)	
Less deferred amount from refunding	705,278	
Other postemployment benefit obligation - early retirement	(1,705,561)	
Other postemployment benefit obligation - implicit rate subsidy	<u>(1,574,240)</u>	(59,415,141)
Long-term pension 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:		
PERS net pension liability	(64,047,150)	
Net deferred outflows of resources	35,515,756	
Net deferred inflows of resources	<u>(1,280,171)</u>	<u>(29,811,565)</u>
<b>TOTAL NET POSITION</b>		<u><u>\$ 7,487,449</u></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, 2017**

	<i>General Fund</i>	<i>Special Revenue</i>	
		<i>Special Revenue</i>	<i>Special Projects</i>
<b>REVENUES</b>			
Property taxes	\$ 14,202,410	\$ -	\$ -
Construction excise tax	-	-	310,969
Intergovernmental			
Intermediate sources	90,969	1,322,544	-
State sources	35,663,799	80,980	-
Federal sources	93,211	6,027,361	49,353
Charges for services	37,020	207,019	2,177,757
Contributions	-	48,264	60,082
Investment earnings	211,105	13,474	15,802
Miscellaneous	302,972	320,004	288,981
<i>Total Revenues</i>	<u>50,601,486</u>	<u>8,019,646</u>	<u>2,902,944</u>
<b>EXPENDITURES</b>			
Current			
Instruction	31,085,162	4,056,452	2,329,958
Support services	19,723,356	1,620,288	844,491
Enterprise and community services	105,754	2,801,079	32,895
Facilities acquisition and construction	-	-	177,845
Debt Service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<i>Total Expenditures</i>	<u>50,914,272</u>	<u>8,477,819</u>	<u>3,385,189</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(312,786)	(458,173)	(482,245)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from refunding bonds	-	-	-
Amounts paid to fiscal agent	-	-	-
Transfers in	67,277	120,000	629,685
Transfers out	(769,244)	(47,718)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(701,967)</u>	<u>72,282</u>	<u>629,685</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,014,753)	(385,891)	147,440
<b>FUND BALANCES, beginning of year</b>	7,488,246	2,857,348	3,097,380
<b>FUND BALANCES, ending</b>	<u>\$ 6,473,493</u>	<u>\$ 2,471,457</u>	<u>\$ 3,244,820</u>

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<i>Capital Projects</i>	<i>Debt Service</i>	<i>Total</i>
\$ -	\$ 4,595,202	\$ 18,797,612
-	-	310,969
-	-	1,413,513
-	-	35,744,779
-	-	6,169,925
-	-	2,421,796
-	-	108,346
54,344	28,322	323,047
696	-	912,653
55,040	4,623,524	66,202,640
-	-	37,471,572
-	13	22,188,148
-	-	2,939,728
1,057,690	-	1,235,535
-	2,699,000	2,699,000
-	2,039,497	2,039,497
3,107,621	-	3,107,621
4,165,311	4,738,510	71,681,101
(4,110,271)	(114,986)	(5,478,461)
4,162,000	-	4,162,000
(4,091,597)	-	(4,091,597)
-	-	816,962
-	-	(816,962)
70,403	-	70,403
(4,039,868)	(114,986)	(5,408,058)
7,174,877	678,593	21,296,444
\$ 3,135,009	\$ 563,607	\$ 15,888,386

*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, 2017**

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**NET CHANGE IN FUND BALANCES** \$ (5,408,058)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Expenditures for capital assets	\$ 3,107,622	
Less current year depreciation	<u>(2,141,930)</u>	965,692

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:

General obligation refunding bond proceeds	(4,162,000)	
Principal payment to refunded bond escrow agent	3,210,000	
Additional amount paid to refunded bond escrow agent - deferred interest	881,597	
Debt principal repaid	2,699,000	
Amortization of bond premium	350,217	
Amortization of deferred interest from refunding	<u>(176,319)</u>	2,802,495

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. (2,385)

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. 115,256

Early retirement incentives are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives are recognized as expenditures when earned. (412,006)

In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes:

Net change in PERS net pension liability	(39,007,148)	
Net change in deferred outflows of resources	28,201,601	
Net change in deferred inflows of resources	<u>4,986,987</u>	(5,818,560)

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. (103,691)

**CHANGE IN NET POSITION** \$ (7,861,257)

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

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***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.

*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.

*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.

***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, 2017, 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 no supplemental budgets were 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 two items that qualify for reporting in this category, arising only under the accrual basis of accounting. As such, these items, *PERS deferred outflows and deferred amount on refunding*, only appear on the statement of net position.

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 that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. One item, *PERS deferred inflows*, which relates to the deferral of the differences between projected and actual PERS investment earnings and other changes, arises only under a full accrual basis of accounting and only appears on the statement of net position. The other item, *unavailable revenue – property taxes*, only arises under a modified accrual basis of accounting and as such, is reported only in the governmental funds balance sheet. 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, 2017**

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**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, 2017:

	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Cash and Deposits</b>		
Cash on hand	\$ 2,250	\$ 2,250
Deposits with financial institutions	1,145,984	1,145,984
<b>Investments</b>		
Local Government Investment Pool	17,598,220	17,598,220
	<u>\$ 18,746,454</u>	<u>\$ 18,746,454</u>

*Deposits*

At June 30, 2017, the District's deposits with various financial institutions had a bank value of \$2,378,886 and a book balance of \$1,145,984. 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, 2017, the balance covered by the PFCP was \$1,462,536.

*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, 2017**

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**CASH AND INVESTMENTS (Continued)**

*Investments*

As of June 30, 2017, 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	\$ 17,598,220	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	100.0%	18 months
U.S. Government Agency Securities	100.0%	18 months
Banker's Acceptances	25.0%	18 months
Certificate of Deposits	25.0%	18 months
Repurchase Transactions	25.0%	18 months
Commercial Paper	25.0%	18 months
Corporate Notes	10.0%	18 months
Local Government Investment Pool	100.0%	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, 2017, 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, 2017**

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**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, 2017, the District's investments were rated as follows:

<u>Investment type</u>	<u>Investors Service</u>			<u>Not rated</u>	<u>Total</u>
	<u>Aaa</u>	<u>Aa1</u>	<u>Aa3</u>		
Local Government Investment Pool	\$ -	\$ -	\$ -	\$ 17,598,220	\$ 17,598,220

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, 2017**

**CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2017</i>
Capital assets not being depreciated:				
Land	\$ 2,741,531	\$ 177,845	\$ -	\$ 2,919,376
Construction in process	440,658	2,374,828	(2,435,516)	379,970
<i>Total capital assets not being depreciated</i>	3,182,189	2,552,673	(2,435,516)	3,299,346
Capital assets being depreciated:				
Buildings and improvements	99,298,776	2,468,698	-	101,767,474
Equipment	1,070,644	143,090	-	1,213,734
Vehicles	1,593,233	378,677	(39,642)	1,932,268
<i>Total capital assets being depreciated</i>	101,962,653	2,990,465	(39,642)	104,913,476
Less accumulated depreciation for:				
Buildings and improvements	(25,348,503)	(1,939,446)	-	(27,287,949)
Equipment	(423,614)	(98,252)	-	(521,866)
Vehicles	(1,041,979)	(104,232)	39,642	(1,106,569)
<i>Total accumulated depreciation</i>	(26,814,096)	(2,141,930)	39,642	(28,916,384)
<i>Total capital assets being depreciated, net</i>	75,148,557	848,535	-	75,997,092
<i>Total capital assets, net</i>	<u>\$ 78,330,746</u>	<u>\$ 3,401,208</u>	<u>\$ (2,435,516)</u>	<u>\$ 79,296,438</u>

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

<i>Program</i>	
Instructional services	\$ 6,020
Support services	
Pupil transportation	70,923
Other support services	73,629
Enterprise and community services	20,422
Facilities maintenance services	1,970,936
<i>Total</i>	<u>\$ 2,141,930</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**LONG-TERM DEBT**

The following is a summary of long-term debt transactions during the year ended June 30, 2017:

	<i>Original Issue</i>	<i>Balance July 1, 2016</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30, 2017</i>	<i>Due Within One Year</i>
General obligation bonds, Series 2013	\$ 20,860,000	\$ 15,010,000	\$ -	\$ 2,575,000	\$ 12,435,000	\$ 2,730,000
General obligation bonds, Series 2013 B & C	39,496,166	39,496,166	-	3,210,000	36,286,166	74,909
General obligation refunding bonds, Series 2016	4,162,000	-	4,162,000	124,000	4,038,000	249,000
<i>Total</i>		54,506,166	4,162,000	5,909,000	52,759,166	3,053,909
Issuance premium, Series 2013		1,322,118	-	209,603	1,112,515	-
Issuance premium, Series 2013 B & C		2,531,051	-	140,614	2,390,437	-
<i>Total</i>		\$ 58,359,335	\$ 4,162,000	\$ 6,259,217	\$ 56,262,118	\$ 3,053,909

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.

\$ 12,435,000

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.

36,286,166

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.

4,038,000

Issuance premium, Series 2013 - amortized through 2028.

1,112,515

Issuance premium, Series 2013 B & C - amortized through 2034.

2,390,437

\$ 56,262,118

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018	\$ 3,053,909	\$ 2,176,701	\$ 5,230,610
2019	3,299,000	2,072,450	5,371,450
2020	3,387,223	2,120,665	5,507,888
2021	3,510,650	2,153,613	5,664,263
2022	1,787,706	2,161,094	3,948,800
2023-2027	11,310,678	10,280,272	21,590,950
2028-2032	19,340,000	5,620,950	24,960,950
2033-2034	7,070,000	781,250	7,851,250
	<u>\$ 52,759,166</u>	<u>\$ 27,366,995</u>	<u>\$ 80,126,161</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**LONG-TERM DEBT (Continued)**

**Defeased General Obligation Bonds**

In the current year, 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, 2017, 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, 2017 was \$705,278, net of accumulated amortization of \$176,319.

**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:

<u>Outstanding July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2017</u>	<u>Amount Due in One Year</u>
\$ 382,244	\$ 281,248	\$ 177,557	\$ 485,935	\$ 485,935

**INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2017 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 67,277	\$ 769,244
Special Revenue	120,000	47,718
Special Projects	629,685	-
	<u>\$ 816,962</u>	<u>\$ 816,962</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, 2017*

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### **PENSION 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>

### **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, 2013 actuarial valuation, which became effective July 1, 2015. 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, 2017 were \$5,702,273, excluding amounts to fund employer specific liabilities. Employer pension expense of \$5,818,560 was recognized during the reporting period.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**PENSION PLAN (Continued)**

**Contributions (Continued)**

At June 30, 2017, the District reported a net pension liability of \$64,047,150 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 December 31, 2014, the District's proportion was 0.43 percent.

	<i>Deferred Outflow of Resources</i>	<i>Deferred (Inflow) of Resources</i>
Difference between expected and actual experience	\$ 2,118,960	\$ -
Changes in assumptions	13,659,718	-
Changes in proportionate share	-	(1,025,598)
Net difference between projected and actual earnings on pension plan investments	12,653,030	-
Differences between District contributions and proportionate share of contributions	<u>1,381,775</u>	<u>(254,573)</u>
Subtotal - Amortized Deferrals (below)	29,813,483	(1,280,171)
District contributions subsequent to measurement date	<u>5,702,273</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 35,515,756</u>	<u>\$ (1,280,171)</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 5,088,577
2018	5,088,577
2019	9,792,778
2020	7,494,001
2021	1,069,379
Total	<u>\$ 28,533,312</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**PENSION PLAN (Continued)**

**Contributions (Continued)**

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 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

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

**Actuarial Valuations**

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier 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.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**PENSION PLAN (Continued)**

**Actuarial Valuations (Continued)**

**Actuarial Methods and Assumptions**

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.5% (previously 2.75%)
Long-term expected rate of return	7.5% (previously 7.75%)
Discount rate	7.5% (previously 7.75%)
Projected salary increases	3.5% (previously 3.75%)
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><b>Healthy retirees and beneficiaries:</b>  RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b>  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, 2016 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.

**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.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**PENSION PLAN (Continued)**

**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, 2016 PERS CAFR; page 63)

**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, 2016 PERS CAFR; page 86)

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**PENSION PLAN (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 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.

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, 2016 PERS CAFR; page 66; Table 31)

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
 YEAR ENDED JUNE 30, 2017

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**PENSION PLAN (Continued)**

**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.

	<i>1% Decrease</i> <i>(6.50%)</i>	<i>Discount Rate</i> <i>(7.50%)</i>	<i>1% Increase</i> <i>(8.50%)</i>
District's proportionate share of the net pension liability (asset)	\$ 103,414,792	\$ 64,047,150	\$ 31,142,689

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 \$1,712,873 in employee contributions for the year ended June 30, 2017.

***OTHER POSTEMPLOYMENT BENEFITS (OPEBs)***

The District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees in the financial statements.

The schedules of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Actuarial calculations of the OPEB plan reflect a long-term perspective and are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

***Early Retirement Program (ERP)***

*Stipend Benefits*

**Description** - The District maintains a single-employer early retirement supplement program for eligible employees of the District. The program generally covers staff that have completed twelve years of continuous service and have reached retirement 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. Early retirement benefits are recorded as expenditures when paid. For the year ended June 30, 2017, a total of \$120,566 was paid to 33 retirees. The District does not issue a stand-alone report for this plan.

**Funding Policy** - The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The program is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The program is funded on a pay-as-you-go basis. The activities of the program are reported in the General Fund.

*Health Insurance Benefits*

**Description** - The District maintains a single-employer early retirement health insurance supplement program for eligible employees of the District. The program generally covers staff that have completed twelve years of continuous service and have reached retirement age. Upon reaching age 58, an employee may elect retirement. In addition, an employee may elect to retire as early as age 55. A premium is paid for the participant until age 62, unless the District receives notification of eligibility for unemployment payments filed with the State Employment Services. At that time, insurance payments cease. Early retirement benefits are recorded as expenditures when paid. For the year ended June 30, 2017, a total of \$756,282 was paid for 86 retirees. The District does not issue a stand-alone report for this plan.

**Funding Policy** - The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The program is funded on a pay-as-you-go basis. The activities of the program are reported in the General Fund.



**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**OTHER POSTEMPLOYMENT BENEFITS (OPEBs)**

**Early Retirement Program (ERP) (Continued)**

**Annual ERP OPEB Cost and Net ERP OPEB Obligation** - The District's annual ERP other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance within the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed thirty years.

The following table shows the components of the ERP OPEB obligation at the end of the year:

	2017	2016	2015
Annual required contribution	\$ 1,185,720	\$ 1,185,720	\$ 1,024,946
Interest on net pension obligation	45,714	41,130	43,134
Adjustment to annual required contribution	(140,140)	(127,322)	(127,450)
Annual ERP OPEB cost	1,091,294	1,099,528	940,630
Estimated contributions	(909,565)	(946,656)	(1,007,484)
Increase (decrease) in net ERP OPEB obligation	181,729	152,872	(66,854)
Net ERP OPEB obligation at beginning of year	1,523,832	1,370,960	1,437,814
Net ERP OPEB obligation at end of year	<u>\$ 1,705,561</u>	<u>\$ 1,523,832</u>	<u>\$ 1,370,960</u>

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

Fiscal Year Ended June 30	Annual ERP OPEB cost	Contribution	Percentage of Annual ERP OPEB Cost Contributed	Net ERP OPEB Obligation
2017	\$ 1,091,294	\$ 909,565	83.3%	\$ 1,705,561
2016	1,099,528	946,656	86.1%	1,523,832
2015	940,630	1,007,484	107.1%	1,370,960

**Funded Status and Funding Progress** – As of July 1, 2015, the most recent actuarial valuation date for the periods ending June 30, 2016 and June 30, 2017; the District's actuarial accrued liability (AAL) for benefits was \$8,797,134, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,797,134. The covered payroll was \$25,881,214. The ratio of the total UAAL to annual covered payroll is 34%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***OTHER POSTEMPLOYMENT BENEFITS (OPEBs)***

***Early Retirement Program (ERP) (Continued)***

**Methods and Assumptions** – The projected unit credit actuarial cost method was used to determine contribution levels for the retiree benefits. Contribution levels are comprised of two components: normal cost and amortization payments. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in stipends and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level dollar amount, over an open period of six years for stipend benefits, over an open period of 16 years for explicit medical benefits, and over an open period of 30 years for implicit medical benefits.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The assumptions included a discount rate of 3.0 percent. They also assume annual premium increase rate would be 7.0 percent for the initial year, grading down to an annual rate of 5.0 percent after 17 years which is consistent with expectations for long-term health care cost inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

***Postemployment Health Insurance Subsidy***

**Plan Description** - The District operates a single-employer retiree benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are 559 active and 86 retired members. Benefits and eligibility for members are established through the collective bargaining agreements. The District does not issue a stand-alone report for this plan.

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

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 General Fund.

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

**Annual OPEB Cost and Net OPEB Obligation** - The District's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance within the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over an open period not to exceed thirty years.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

**OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)**

**Postemployment Health Insurance Subsidy (Continued)**

The following table shows the components of the OPEB obligation at the end of the year:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual required contribution	\$ 1,035,496	\$ 1,035,496	\$ 930,716
Interest on net pension obligation	40,319	34,338	32,583
Adjustment to annual required contribution	(66,566)	(56,692)	(53,794)
	<u>1,009,249</u>	<u>1,013,142</u>	<u>909,505</u>
Annual OPEB cost	1,009,249	1,013,142	909,505
Estimated contributions	(778,972)	(813,791)	(850,996)
Increase in net OPEB obligation	230,277	199,351	58,509
Net OPEB obligation at beginning of year	1,343,963	1,144,612	1,086,103
Net OPEB obligation at end of year	<u>\$ 1,574,240</u>	<u>\$ 1,343,963</u>	<u>\$ 1,144,612</u>

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB cost</u>	<u>(Estimated)</u> <u>Contributions</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2017	\$ 1,009,249	\$ 778,972	77.2%	\$ 1,574,240
2016	1,013,142	813,791	80.3%	1,343,963
2015	909,505	850,996	93.6%	1,144,612

**Methods and Assumptions** – The projected unit credit actuarial cost method was used to determine contribution levels for the subsidized retiree health benefits. Contribution levels are comprised of two components: normal cost and amortization payments. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level dollar amount, over an open period of six years for stipend benefits, over an open period of 16 years for explicit medical benefits, and over an open period of 30 years for implicit medical benefits.

In the July 1, 2015 valuation, the projected unit credit actuarial cost method was used. The assumptions included a discount rate of 3.0 percent. They also assume annual premium increase rate would be 7.0 percent for the initial year, grading down to an annual rate of 5.0 percent after 17 years which is consistent with expectations for long-term health care cost inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2017*

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***OTHER POST EMPLOYMENT BENEFITS (OPEBs) (Continued)***

***Postemployment Health Insurance Subsidy (Continued)***

**Funded Status and Funding Progress** – As of July 1, 2015, the most recent actuarial valuation date for the periods ending June 30, 2016 and June 30, 2017; the District’s actuarial accrued liability (AAL) for benefits was \$9,559,853, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial liability (UAAL) of \$9,559,853. The covered payroll was \$25,881,214. The ratio of the total UAAL to annual covered payroll is 37%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Retirement Health Insurance Account***

**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/](http://www.oregon.gov/PERS/).

**Funding Policy** – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS, currently 0.53% of annual covered OPERF payroll and 0.45% of covered OPSRP payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District’s contributions to RHIA for the years ended June 30, 2017, 2016 and 2015 were \$139,444, \$138,019 and \$139,759 respectively, which equaled the required contributions each year.

***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, 2017**

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**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.

**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, 2017, 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	\$ -	\$ 47,718	\$ (47,718)

**NEW PRONOUNCEMENTS**

The District implemented the following pronouncements during the current fiscal year:

GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments that are not within the scope of GASB Statement No. 68, extending that approach to all pensions. There was no significant financial impact as a result of implementing this statement.

GASB Statement No. 77, “Tax Abatement Disclosures,” addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It requires governments to disclose a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The pronouncement had no effect on the financial statements.

GASB Statement No. 78 “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” This Statement amends the scope and applicability of statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria. There was no significant financial impact as a result of implementing this statement.

GASB Statement No. 82, “An Amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” This statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2017**

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**NEW PRONOUNCEMENTS (Continued)**

Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District will implement applicable 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. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2017.

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.

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. 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.

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.

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.

***REQUIRED SUPPLEMENTARY INFORMATION***

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**SCHEDULES OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**  
**YEAR ENDED JUNE 30, 2017**

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Other postemployment benefit obligation - early retirement:

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL / Payroll</u>
July 1, 2015	\$ -	\$ 8,797,134	\$ 8,797,134	0.0%	\$ 25,881,214	34.0%
July 1, 2013	-	8,042,719	8,042,719	0.0%	23,498,326	34.2%
July 1, 2011	-	7,580,911	7,580,911	0.0%	24,396,220	31.1%

Other postemployment benefit obligation - implicit subsidy:

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL / Payroll</u>
July 1, 2015	\$ -	\$ 9,559,853	\$ 9,559,853	0.0%	\$ 25,881,214	36.9%
July 1, 2013	-	9,178,750	9,178,750	0.0%	23,498,326	39.1%
July 1, 2011	-	8,306,794	8,306,794	0.0%	24,396,220	34.0%



**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS**  
**YEAR ENDED JUNE 30, 2017**

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<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>Employer's covered 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>
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 presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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, 2017**

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

**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, 2017**

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>Insurance Reserve</i>	
<b>REVENUES</b>			
Property taxes	\$ 14,202,410	\$ -	\$ 14,202,410
Intergovernmental			
Intermediate sources	90,969	-	90,969
State sources	35,663,799	-	35,663,799
Federal sources	93,211	-	93,211
Charges for services	37,020	-	37,020
Investment earnings	211,105	-	211,105
Miscellaneous	299,747	3,225	302,972
<i>Total Revenues</i>	50,598,261	3,225	50,601,486
<b>EXPENDITURES</b>			
Current			
Instruction	31,085,162	-	31,085,162
Support services	19,657,901	65,455	19,723,356
Enterprise and community services	105,754	-	105,754
<i>Total Expenditures</i>	50,848,817	65,455	50,914,272
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(250,556)	(62,230)	(312,786)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	47,718	19,559	67,277
Transfers out	(769,244)	-	(769,244)
<i>Total Other Financing Sources (Uses)</i>	(721,526)	19,559	(701,967)
<b>NET CHANGE IN FUND BALANCES</b>	(972,082)	(42,671)	(1,014,753)
<b>FUND BALANCES, beginning</b>	7,050,308	437,938	7,488,246
<b>FUND BALANCES, ending</b>	\$ 6,078,226	\$ 395,267	\$ 6,473,493

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Budget and GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 14,021,096	\$ 14,021,096	\$ 14,202,410	\$ 181,314
Intergovernmental				
Intermediate sources	115,000	115,000	90,969	(24,031)
State sources	35,844,097	35,844,097	35,663,799	(180,298)
Federal sources	-	-	93,211	93,211
Charges for services	-	-	37,020	37,020
Investment earnings	110,000	110,000	211,105	101,105
Miscellaneous	53,300	53,300	299,747	246,447
<i>Total Revenues</i>	<u>50,143,493</u>	<u>50,143,493</u>	<u>50,598,261</u>	<u>454,768</u>
<b>EXPENDITURES</b>				
Current				
Instruction	30,753,561	31,113,561	31,085,162	28,399
Support services	19,999,298	19,699,298	19,657,901	41,397
Enterprise and community services	93,522	113,522	105,754	7,768
Operating contingency	3,698,580	3,698,580	-	3,698,580
<i>Total Expenditures</i>	<u>54,544,961</u>	<u>54,624,961</u>	<u>50,848,817</u>	<u>3,776,144</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,401,468)	(4,481,468)	(250,556)	4,230,912
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	47,718	47,718
Transfers out	(888,683)	(808,683)	(769,244)	39,439
<i>Total Other Financing Sources (Uses)</i>	<u>(888,683)</u>	<u>(808,683)</u>	<u>(721,526)</u>	<u>87,157</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,290,151)	(5,290,151)	(972,082)	4,318,069
<b>FUND BALANCE, beginning</b>	<u>6,290,151</u>	<u>6,290,151</u>	<u>7,050,308</u>	<u>760,157</u>
<b>FUND BALANCE, ending</b>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 6,078,226</u>	<u>\$ 5,078,226</u>

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, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	
<b>REVENUES</b>				
Intergovernmental				
Intermediate sources	\$ 1,294,009	\$ 1,294,009	\$ 1,322,544	\$ 28,535
State sources	186,000	186,000	80,980	(105,020)
Federal sources	6,408,973	6,408,973	6,027,361	(381,612)
Charges for services	220,000	220,000	207,019	(12,981)
Contributions	70,000	70,000	48,264	(21,736)
Investment earnings	800	800	13,474	12,674
Miscellaneous	919,709	919,709	320,004	(599,705)
<i>Total Revenues</i>	9,099,491	9,099,491	8,019,646	(1,079,845)
<b>EXPENDITURES</b>				
Current				
Instruction	5,463,029	5,463,029	4,056,452	1,406,577
Support services	2,460,539	2,460,539	1,620,288	840,251
Enterprise and community services	3,163,854	3,163,854	2,801,079	362,775
<i>Total Expenditures</i>	11,087,422	11,087,422	8,477,819	2,609,603
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,987,931)	(1,987,931)	(458,173)	1,529,758
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	120,000	120,000
Transfers out	-	-	(47,718)	(47,718)
<i>Total Other Financing Sources (Uses)</i>	-	-	72,282	72,282
<b>NET CHANGE IN FUND BALANCE</b>	(1,987,931)	(1,987,931)	(385,891)	1,602,040
<b>FUND BALANCE, beginning</b>	1,987,931	1,987,931	2,857,348	869,417
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 2,471,457	\$ 2,471,457

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, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
<b>REVENUES</b>				
Construction excise tax	\$ 120,000	\$ 120,000	\$ 310,969	\$ 190,969
Intergovernmental				
State sources	3,500	3,500	-	(3,500)
Federal sources	71,000	71,000	49,353	(21,647)
Charges for services	114,000	114,000	2,177,757	2,063,757
Contributions	135,500	135,500	60,082	(75,418)
Investment earnings	8,950	8,950	15,802	6,852
Miscellaneous	1,390,500	1,390,500	288,981	(1,101,519)
<i>Total Revenues</i>	1,843,450	1,843,450	2,902,944	1,059,494
<b>EXPENDITURES</b>				
Current				
Instruction	2,976,369	2,976,369	2,329,958	646,411
Support services	2,728,734	2,728,734	844,491	1,884,243
Enterprise and community services	35,000	35,000	32,895	2,105
Facilities acquisition and construction	575,552	575,552	177,845	397,707
<i>Total Expenditures</i>	6,315,655	6,315,655	3,385,189	2,930,466
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,472,205)	(4,472,205)	(482,245)	3,989,960
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	888,682	888,682	629,685	(258,997)
<b>NET CHANGE IN FUND BALANCE</b>	(3,583,523)	(3,583,523)	147,440	3,730,963
<b>FUND BALANCE, beginning</b>	3,848,523	3,848,523	3,097,380	(751,143)
<b>FUND BALANCE, ending</b>	\$ 265,000	\$ 265,000	\$ 3,244,820	\$ 2,979,820

See notes to required supplementary information.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2017**

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**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, 2017**

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>Insurance Reserve</i>	
<b>ASSETS</b>			
Cash and investments	\$ 9,993,484	\$ 387,000	\$ 10,380,484
Property taxes receivable	1,187,268	-	1,187,268
Other receivables	509,119	8,267	517,386
<i>Total Assets</i>	<u>\$ 11,689,871</u>	<u>\$ 395,267</u>	<u>\$ 12,085,138</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 2,396,588	\$ -	\$ 2,396,588
Accrued salaries and benefits	2,092,891	-	2,092,891
<i>Total Liabilities</i>	4,489,479	-	4,489,479
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	1,122,166	-	1,122,166
<b>Fund Balance</b>			
Committed to:			
Insurance services	-	395,267	395,267
Unassigned	6,078,226	-	6,078,226
<i>Total Fund Balance</i>	<u>6,078,226</u>	<u>395,267</u>	<u>6,473,493</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 11,689,871</u>	<u>\$ 395,267</u>	<u>\$ 12,085,138</u>

**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, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 3,225	\$ 3,225
<b>EXPENDITURES</b>				
Current				
Instruction	1,000	10,000	-	10,000
Support services	445,065	436,065	65,455	370,610
<i>Total Expenditures</i>	<u>446,065</u>	<u>446,065</u>	<u>65,455</u>	<u>380,610</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(446,065)	(446,065)	(62,230)	(377,385)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	19,559	19,559
<b>NET CHANGE IN FUND BALANCE</b>	(446,065)	(446,065)	(42,671)	(357,826)
<b>FUND BALANCE, beginning</b>	<u>446,065</u>	<u>446,065</u>	<u>437,938</u>	<u>(8,127)</u>
<b>FUND BALANCE, ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 395,267</u></u>	<u><u>\$ 395,267</u></u>

**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, 2017**

	<i>Budgeted Amounts</i>		<i>Actual Budget Basis</i>	<i>Variance with Final Budget</i>	<i>Budget to GAAP Differences</i>	<i>Actual GAAP Basis</i>
	<i>Original</i>	<i>Final</i>				
<b>REVENUES</b>						
Charges for services	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
Investment earnings	-	-	54,344	54,344	-	54,344
Miscellaneous	200	200	696	496	-	696
<i>Total Revenues</i>	75,200	75,200	55,040	(20,160)	-	55,040
<b>EXPENDITURES</b>						
Current						
Facilities acquisition and construction	6,145,200	6,145,200	4,165,311	1,979,889	(3,107,621)	1,057,690
Capital outlay	-	-	-	-	3,107,621	3,107,621
<i>Total Expenditures</i>	6,145,200	6,145,200	4,165,311	1,979,889	-	4,165,311
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(6,070,000)	(6,070,000)	(4,110,271)	1,959,729	-	(4,110,271)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from refunding bonds	-	-	4,162,000	4,162,000	-	4,162,000
Payment to refunded bond escrow agent	-	-	(4,091,597)	(4,091,597)	-	(4,091,597)
<i>Total Other Financing Sources (Uses)</i>	-	-	70,403	70,403	-	70,403
<b>NET CHANGE IN FUND BALANCE</b>	(6,070,000)	(6,070,000)	(4,039,868)	2,030,132	-	(4,039,868)
<b>FUND BALANCE, beginning</b>	6,070,000	6,070,000	7,174,877	1,104,877	-	7,174,877
<b>FUND BALANCE, ending</b>	\$ -	\$ -	\$ 3,135,009	\$ 3,135,009	\$ -	\$ 3,135,009

**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, 2017**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
<b>REVENUES</b>				
Property taxes	\$ 4,729,182	\$ 4,729,182	\$ 4,595,202	\$ (133,980)
Investment earnings	10,000	10,000	28,322	18,322
<i>Total Revenues</i>	4,739,182	4,739,182	4,623,524	(115,658)
<b>EXPENDITURES</b>				
Current				
Support services	20	20	13	7
Debt Service				
Principal	2,575,000	2,575,000	2,699,000	(124,000)
Interest	2,164,162	2,164,162	2,039,497	124,665
<i>Total Expenditures</i>	4,739,182	4,739,182	4,738,510	672
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(114,986)	(114,986)
<b>FUND BALANCE, beginning</b>	850,000	850,000	678,593	(171,407)
<b>FUND BALANCE, ending</b>	\$ 850,000	\$ 850,000	\$ 563,607	\$ (286,393)

***OTHER SCHEDULES***

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**REVENUE SUMMARY – ALL FUNDS**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>General Fund</u>	<u>Special Revenue</u>
<b>LOCAL REVENUES</b>			
1111	Current year's taxes	\$ 13,899,513	\$ -
1112	Prior year's taxes	235,574	-
1113	County tax sales for back taxes	8,144	-
1130	Construction excise tax	-	-
1190	Penalties and interest on taxes	59,179	-
1200	Revenue from local governmental units other than districts	9,068	30,993
1310	Regular day school tuition	37,020	-
1500	Earnings on investments	211,105	13,474
1600	Food service	-	207,019
1700	Extracurricular activities	-	-
1800	Community services activities	-	-
1910	Rentals	9,391	-
1920	Contributions and donations from private sources	-	48,264
1960	Recovery of prior years' expenditures	113,850	227
1970	Services provided other funds	-	-
1990	Miscellaneous	167,438	288,784
1000	<i>Total Local Revenues</i>	14,750,282	588,761
<b>INTERMEDIATE REVENUES</b>			
2101	County school funds	90,969	-
2200	Restricted revenue	-	1,248,578
2800	Revenue in lieu of taxes	-	73,966
2000	<i>Total Intermediate Revenues</i>	90,969	1,322,544
<b>STATE REVENUES</b>			
3101	State school fund - general support	34,751,908	-
3102	State school fund - school lunch match	-	23,535
3103	Common school fund	759,223	-
3199	Other unrestricted grants-in-aid	152,668	-
3222	State school fund (SSF) transportation	-	51,849
3299	Other restricted grants-in-aid	-	5,596
3000	<i>Total State Revenues</i>	35,663,799	80,980
<b>FEDERAL REVENUES</b>			
4500	Restricted revenue from the federal government through the state	49,762	5,608,559
4700	Grants-in-aid from the federal government through other intermediate agencies	-	238,819
4801	Federal forest fees	43,449	-
4900	Revenue for/on behalf of the district	-	179,983
4000	<i>Total Federal Revenues</i>	93,211	6,027,361
<b>OTHER SOURCES</b>			
5100	Long-term debt financing sources	-	-
5200	Interfund transfers	47,718	120,000
5000	<i>Total Other Sources</i>	47,718	120,000
5400	<b>FUND BALANCE, Beginning of year</b>	7,050,308	2,857,348
6000	<i>Total Resources</i>	<u>\$ 57,696,287</u>	<u>\$ 10,996,994</u>

<u>Special Projects</u>	<u>Insurance Reserve</u>	<u>Debt Service</u>	<u>Capital Projects</u>
\$ -	\$ -	\$ 4,490,954	\$ -
-	-	82,496	-
-	-	2,631	-
310,969	-	-	-
-	-	19,121	-
-	-	-	-
-	-	-	-
15,802	-	28,322	54,344
-	-	-	-
2,062,436	-	-	-
115,321	-	-	-
118,578	-	-	-
60,082	-	-	-
-	-	-	-
-	3,225	-	-
170,403	-	-	696
<u>2,853,591</u>	<u>3,225</u>	<u>4,623,524</u>	<u>55,040</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
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-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
13,603	-	-	-
35,750	-	-	-
-	-	-	-
-	-	-	-
<u>49,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	4,162,000
629,685	19,559	-	-
<u>629,685</u>	<u>19,559</u>	<u>-</u>	<u>4,162,000</u>
3,097,380	437,938	678,593	7,174,877
<u>\$ 6,630,009</u>	<u>\$ 460,722</u>	<u>\$ 5,302,117</u>	<u>\$ 11,391,917</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY – GENERAL FUND**  
**YEAR ENDED JUNE 30, 2017**

<i>Code</i>	<i>Function</i>	<i>Total</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>
<b>INSTRUCTION</b>				
1100	Regular programs			
1111	Primary, K-5	\$ 11,388,543	\$ 6,929,839	\$ 4,379,402
1113	Elementary extracurricular	9,720	7,366	2,354
1121	Middle/junior high programs	4,559,508	2,790,609	1,738,829
1122	Middle/junior high school extracurricular	41,549	30,790	10,208
1131	High school programs	5,311,918	3,240,375	1,941,233
1132	High school extracurricular	435,174	333,351	94,450
1200	Special programs			
1210	Programs for the talented and gifted	75	55	20
1250	Resource rooms	6,545,255	3,779,367	2,477,214
1270	Educationally disadvantaged			
1271	Remediation	24,214	18,343	5,871
1280	Alternative education	1,643,425	441,410	281,564
1290	Designated programs			
1291	English second language program	1,007,540	640,462	365,859
1292	Teen parent programs	68,142	42,373	25,769
1299	Other programs	8,814	8,049	765
1400	Summer school programs	41,285	32,463	8,729
1000	<i>Total Instruction</i>	31,085,162	18,294,852	11,332,267
<b>SUPPORT SERVICES</b>				
2100	Students			
2110	Attendance and social work services	218,997	66,104	45,651
2120	Guidance services	1,351,797	823,475	528,322
2130	Health services	496,033	264,561	204,229
2140	Psychological services	267,716	160,566	101,156
2190	Service direction, student support services	310,983	172,789	111,188
2200	Instructional staff			
2210	Improvement of instruction services	502,320	284,012	156,598
2220	Educational Media Services	517,787	273,083	225,195
2230	Assessment and testing	10,200	(6,279)	(2,464)
2240	Instructional staff development	11,921	6,027	1,483
2300	General administration			
2310	Board of education services	194,743	-	-
2320	Executive administration services	916,402	493,901	298,165
2400	School administration			
2410	Office of the principal services	4,490,905	2,709,924	1,703,235
2500	Business			
2520	Fiscal services	686,518	374,774	268,077
2540	Operation and maintenance of plant services	5,071,252	1,461,003	1,005,781
2550	Student transportation services	2,572,013	759,244	517,708
2600	Central activities			
2630	Information services	174,237	107,504	61,102
2640	Staff services	46,940	24,660	22,280
2660	Technology services	971,977	357,056	221,150
2700	Supplemental retirement program	845,160	120,566	724,594
2000	<i>Total Support Services</i>	19,657,901	8,452,970	6,193,450



<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 31,832	\$ 47,470	\$ -	\$ -	\$ -
-	-	-	-	-
14,694	15,376	-	-	-
115	436	-	-	-
55,425	58,239	-	16,646	-
389	6,984	-	-	-
-	-	-	-	-
263,132	23,885	-	1,657	-
-	-	-	-	-
917,073	3,378	-	-	-
358	861	-	-	-
-	-	-	-	-
-	-	-	-	-
-	93	-	-	-
<hr/> 1,283,018	<hr/> 156,722	<hr/> -	<hr/> 18,303	<hr/> -
107,242	-	-	-	-
-	-	-	-	-
16,083	11,020	-	140	-
5,994	-	-	-	-
716	26,290	-	-	-
36,774	15,034	-	9,902	-
25	19,484	-	-	-
18,296	495	-	152	-
939	3,472	-	-	-
178,492	2,494	-	13,757	-
52,590	10,038	-	61,708	-
34,607	20,939	-	22,200	-
12,079	30,845	-	743	-
1,983,775	294,115	15,598	310,980	-
1,140,146	124,232	-	30,683	-
3,513	2,118	-	-	-
-	-	-	-	-
287,972	105,499	-	300	-
-	-	-	-	-
<hr/> 3,879,243	<hr/> 666,075	<hr/> 15,598	<hr/> 450,565	<hr/> -

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY – GENERAL FUND (Continued)**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<b>ENTERPRISE AND COMMUNITY SERVICES</b>			
3310	Direction of community services activities	\$ 105,754	\$ 56,473	\$ 49,116
	<b>OTHER USES</b>			
5200	Transfers of funds	769,244	-	-
7000	<b>FUND BALANCE, End of year</b>	<u>6,078,226</u>	<u>-</u>	<u>-</u>
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 57,696,287</u>	<u>\$ 26,804,295</u>	<u>\$ 17,574,833</u>

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<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 165	\$ -	\$ -	\$ -	\$ -
-	-	-	-	769,244
-	-	-	-	6,078,226
<u>\$ 5,162,426</u>	<u>\$ 822,797</u>	<u>\$ 15,598</u>	<u>\$ 468,868</u>	<u>\$ 6,847,470</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY - SPECIAL REVENUE FUND**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
<b>INSTRUCTION</b>				
1100	Regular programs			
1111	Primary, K-5	\$ 34,903	\$ 2,228	\$ 342
1113	Elementary extracurricular	6,497	1,380	165
1121	Middle/junior high programs	20,036	877	72
1131	High school programs	130,301	8,790	4,486
1140	Pre-kindergarten programs	69,422	29,255	8,278
1200	Special programs			
1220	Programs for students with mental disabilities	1,780	231	34
1250	Resource rooms	1,860,723	1,056,064	683,489
1260	Early intervention	806	591	215
1270	Educationally disadvantaged			
1272	Title IA/D	1,616,545	1,007,852	604,885
1280	Alternative education	203,482	49,600	22,807
1400	Summer school programs	111,957	84,263	27,359
1000	<i>Total Instruction</i>	4,056,452	2,241,131	1,352,132
<b>SUPPORT SERVICES</b>				
2100	Students			
2110	Attendance and social work services	36,310	20,550	5,451
2120	Guidance services	152,298	79,179	50,877
2130	Health services	308,710	141,289	75,550
2190	Service direction, student support services	5,284	3,754	1,530
2200	Instructional staff			
2210	Improvement of instruction services	330,480	172,246	88,972
2220	Educational media services			
2230	Assessment and testing	375,569	25,000	9,139
2240	Instructional staff development	130,532	69,947	16,330
2300	General administration	1,642	1,081	561
2500	Business			
2520	Fiscal services	127	-	-
2540	Operation and maintenance of plant services	(77,952)	567	216
2550	Student transportation services	182,852	6,543	2,333
2600	Central activities			
2620	Planning, research, development, evaluation services, grant writing and statistical services	81,938	62,744	19,025
2640	Staff services	12,695	375	118
2660	Technology services	33,930	-	-
2690	Other support services - central	45,873	3,553	1,116
2000	<i>Total Support Services</i>	1,620,288	586,828	271,218

	<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$	18,347	\$ 13,986	\$ -	\$ -	\$ -
	2,209	2,743	-	-	-
	1,914	15,648	-	1,525	-
	190	113,364	-	3,471	-
	29,917	1,972	-	-	-
	75	1,440	-	-	-
	104,049	17,121	-	-	-
	-	-	-	-	-
	-	3,808	-	-	-
	49,539	35,207	44,074	2,255	-
	305	30	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	206,545	205,319	44,074	7,251	-
	7,597	2,712	-	-	-
	6,147	16,095	-	-	-
	78,146	11,960	-	1,765	-
	-	-	-	-	-
	45,670	22,745	-	847	-
	335,559	5,871	-	-	-
	34,935	9,320	-	-	-
	-	-	-	-	-
	127	-	-	-	-
	-	13,079	-	(91,814)	-
	19,998	-	153,963	15	-
	24	145	-	-	-
	563	11,639	-	-	-
	-	33,930	-	-	-
	41,108	96	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	569,874	127,592	153,963	(89,187)	-

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY - SPECIAL REVENUE FUND (Continued)**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<b>ENTERPRISE AND COMMUNITY SERVICES</b>			
3100	Food services	\$ 2,702,191	\$ 904,658	\$ 568,455
3300	Community services			
3310	Direction of community services activities	31,706	17,494	3,381
3390	Other community services	67,182	45,218	8,421
		<hr/>	<hr/>	<hr/>
3000	<i>Total Enterprise and Community Services</i>	2,801,079	967,370	580,257
	<b>OTHER USES</b>			
5200	Transfers of funds	47,718	-	-
7000	<b>FUND BALANCE, End of year</b>	<hr/> 2,471,457	<hr/> -	<hr/> -
8000	<i>Total Expenditures and Ending Balance</i>	<hr/> <u>\$ 10,996,994</u>	<hr/> <u>\$ 3,795,329</u>	<hr/> <u>\$ 2,203,607</u>

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<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 2,469	\$ 1,216,221	\$ 6,680	\$ 3,708	\$ -
9,088	1,743	-	-	-
1,841	5,928	-	5,774	-
<hr/> 13,398	<hr/> 1,223,892	<hr/> 6,680	<hr/> 9,482	<hr/> -
-	-	-	-	47,718
-	-	-	-	<hr/> 2,471,457
<hr/> <hr/> \$ 789,817	<hr/> <hr/> \$ 1,556,803	<hr/> <hr/> \$ 204,717	<hr/> <hr/> \$ (72,454)	<hr/> <hr/> \$ 2,519,175

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY - SPECIAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2017**

<b>Code</b>	<b>Function</b>	<b>Total</b>	<b>100 Salaries</b>	<b>200 Employee Benefits</b>
<b>INSTRUCTION</b>				
1100	Regular programs			
1111	Primary, K-5	\$ 146,730	\$ 72,474	\$ 18,568
1113	Elementary extracurricular	257,683	-	-
1121	Middle/junior high programs	18,031	118	19
1122	Middle/junior high school extracurricular	115,684	-	-
1131	High school programs	26,288	1,219	381
1132	High school extracurricular	1,588,944	-	-
1140	Pre-kindergarten programs	34,143	24,250	7,510
1200	Special programs			
1250	Less restrictive programs for students with disabilities	1,757	-	-
1280	Alternative education	5,049	-	-
1290	Designated programs			
1292	Teen parent programs	135,649	77,577	52,096
1000	<i>Total Instruction</i>	2,329,958	175,638	78,574
<b>SUPPORT SERVICES</b>				
2100	Students			
2110	Attendance and social work services	3,498	-	-
2130	Health services	208,516	74,092	51,281
2200	Instructional staff			
2210	Improvement of instruction services	2,620	215	74
2240	Instructional staff development	(2,787)	(3,013)	(13)
2400	School administration			
2410	Office of the Principal Services	481	-	-
2500	Business			
2520	Fiscal services	24,812	-	-
2540	Operation and maintenance of plant services	118,226	-	-
2550	Student transportation services	1,219	-	-
2600	Central activities			
2630	Information services	471,844	106,305	65,900
2660	Technology services	16,062	-	-
2000	<i>Total Support Services</i>	844,491	177,599	117,242
<b>ENTERPRISE AND COMMUNITY SERVICES</b>				
3100	Food services	5,554	-	-
3300	Community services	27,341	8,272	2,344
3000	<i>Total Enterprise and Community Services</i>	32,895	8,272	2,344
<b>FACILITIES ACQUISITION AND CONSTRUCTION</b>				
4120	Site acquisition and development services	177,845	-	-
7000	<b>FUND BALANCE, End of year</b>	3,244,820	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 6,630,009</u>	<u>\$ 361,509</u>	<u>\$ 198,160</u>



<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 313	\$ 54,815	\$ -	\$ 560	\$ -
-	257,683	-	-	-
87	17,407	-	400	-
-	115,684	-	-	-
175	24,513	-	-	-
-	1,588,944	-	-	-
1,420	763	-	200	-
-	1,757	-	-	-
646	4,303	-	100	-
8	5,537	-	431	-
2,649	2,071,406	-	1,691	-
3,498	-	-	-	-
63,279	16,476	-	3,388	-
690	1,641	-	-	-
239	-	-	-	-
481	-	-	-	-
24,319	38	-	455	-
1,237	13,046	103,814	129	-
1,219	-	-	-	-
153,724	122,358	23,557	-	-
-	16,062	-	-	-
248,686	169,621	127,371	3,972	-
-	5,554	-	-	-
16	11,809	-	4,900	-
16	17,363	-	4,900	-
-	-	177,845	-	-
-	-	-	-	3,244,820
<u>\$ 251,351</u>	<u>\$ 2,258,390</u>	<u>\$ 305,216</u>	<u>\$ 10,563</u>	<u>\$ 3,244,820</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY - INSURANCE RESERVE FUND**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<b>SUPPORT SERVICES</b>			
2500	Business			
2570	Internal services	\$ 22,784	\$ -	\$ -
2600	Central activities			
2640	Staff services	42,671	-	40,871
		<hr/>	<hr/>	<hr/>
2000	Total Support Services	65,455	-	40,871
7000	<b>FUND BALANCE, End of year</b>	<hr/> 395,267	<hr/> -	<hr/> -
8000	Total Expenditures and Ending Balance	<hr/> \$ 460,722	<hr/> \$ -	<hr/> \$ 40,871

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<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ -	\$ 2,981	\$ 19,803	\$ -	\$ -
1,800	-	-	-	-
1,800	2,981	19,803	-	-
-	-	-	-	395,267
<u>\$ 1,800</u>	<u>\$ 2,981</u>	<u>\$ 19,803</u>	<u>\$ -</u>	<u>\$ 395,267</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY – DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<b>SUPPORT SERVICES</b>			
2500	Business			
2520	Fiscal services	\$ 13	\$ -	\$ -
	<b>OTHER USES</b>			
5100	Debt service	4,738,497	-	-
7000	<b>FUND BALANCE, End of year</b>	<u>563,607</u>	<u>-</u>	<u>-</u>
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 5,302,117</u>	<u>\$ -</u>	<u>\$ -</u>

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<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 13	\$ -	\$ -	\$ -	\$ -
-	-	-	4,738,497	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,607</u>
<u>\$ 13</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,738,497</u>	<u>\$ 563,607</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**EXPENDITURE SUMMARY – CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2017**

<u>Code</u>	<u>Function</u>	<u>Total</u>	<u>100 Salaries</u>	<u>200 Employee Benefits</u>
	<b><i>FACILITIES ACQUISITION AND CONSTRUCTION</i></b>			
4110	Service area direction	\$ 223,367	\$ 138,030	\$ 73,589
4150	Building acquisition, construction, and improvement services	2,636,765	29,283	5,993
4190	Other facilities construction services	1,305,179	1,391	443
		<hr/>	<hr/>	<hr/>
4000	<i>Total Facilities Acquisition and Construction</i>	4,165,311	168,704	80,025
	<b><i>OTHER USES</i></b>			
5100	Debt service	4,091,597	-	-
7000	<b><i>FUND BALANCE, End of year</i></b>	<hr/> 3,135,009 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
8000	<i>Total Expenditures and Ending Balance</i>	<hr/> <u>\$ 11,391,917</u> <hr/>	<hr/> <u>\$ 168,704</u> <hr/>	<hr/> <u>\$ 80,025</u> <hr/>

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<i>300 Purchased Services</i>	<i>400 Supplies &amp; Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>
\$ 11,348	\$ -	\$ -	\$ 400	\$ -
726,935	94,632	1,768,120	11,802	-
-	1,182,407	62,421	58,517	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
738,283	1,277,039	1,830,541	70,719	-
-	-	-	4,091,597	-
-	-	-	-	3,135,009
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 738,283</u>	<u>\$ 1,277,039</u>	<u>\$ 1,830,541</u>	<u>\$ 4,162,316</u>	<u>\$ 3,135,009</u>

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**SCHEDULE OF SUPPLEMENTAL INFORMATION AS REQUIRED BY OREGON DEPARTMENT OF**  
**EDUCATION**  
**YEAR ENDED JUNE 30, 2017**

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SUPPLEMENTAL INFORMATION, 2016-2017

A. Energy Bill for Heating - **All Funds:**  
Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

		Objects 325 & 326
Function 2540	\$	1,073,099
Function 2550	\$	-

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	Co-curricular Activities	4150	Construction	\$	6,170
1140	Pre-Kindergarten	2550	Pupil Transportation		
1300	Continuing Education	3100	Food Service		
1400	Summer School	3300	Community Services		



***STATISTICAL SECTION***

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## Statistical Section

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b><i>Financial Trends</i></b>	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.	
<b><i>Revenue Capacity</i></b>	96-99
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b><i>Debt Capacity</i></b>	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.	
<b><i>Demographic and Economic Information</i></b>	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.	
<b><i>Operating Information</i></b>	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**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>			
Current and other assets	\$ 22,294,555	\$ 27,426,735	\$ 50,817,680
Net capital assets	79,296,438	78,330,746	73,575,133
<i>Total Assets</i>	101,590,993	105,757,481	124,392,813
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows	36,221,034	7,314,155	5,560,386
<i>Total Assets and Deferred Outflows of Resources</i>	137,812,027	113,071,636	129,953,199
<b>LIABILITIES</b>			
Accounts payable and other liabilities	5,455,338	5,188,640	8,501,598
Long-term liabilities	123,589,069	86,267,132	63,660,124
<i>Total Liabilities</i>	129,044,407	91,455,772	72,161,722
<b>DEFERRED INFLOWS OF RESOURCES</b>			
PERS deferred inflows	1,280,171	6,267,158	21,221,774
<i>Total Liabilities and Deferred Inflows of Resources</i>	130,324,578	97,722,930	93,383,496
<b>NET POSITION</b>			
Net investment in capital assets	30,323,215	27,146,288	28,370,475
Restricted for:			
Debt service	878,207	975,048	852,641
Unrestricted	(23,768,317)	(12,772,630)	7,346,587
<i>Total Net Position</i>	<u>\$ 7,433,105</u>	<u>\$ 15,348,706</u>	<u>\$ 36,569,703</u>

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

<b>Fiscal Year</b>						
<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 66,710,355	\$ 25,210,993	\$ 19,058,506	\$ 20,774,973	\$ 15,998,188	\$ 15,165,875	\$ 15,903,765
46,825,511	43,334,118	44,096,686	44,940,707	46,155,321	47,376,503	46,995,763
113,535,866	68,545,111	63,155,192	65,715,680	62,153,509	62,542,378	62,899,528
-	-	-	-	-	-	-
113,535,866	68,545,111	63,155,192	65,715,680	62,153,509	62,542,378	62,899,528
5,969,686	3,269,057	9,183,036	3,239,815	2,884,979	3,774,723	3,458,991
65,738,686	27,473,315	19,832,587	29,404,163	26,638,300	31,024,832	36,384,128
71,708,372	30,742,372	29,015,623	32,643,978	29,523,279	34,799,555	39,843,119
-	-	-	-	-	-	-
71,708,372	30,742,372	29,015,623	32,643,978	29,523,279	34,799,555	39,843,119
29,980,258	29,155,144	26,971,686	24,225,707	21,885,321	18,345,192	13,545,763
217,755	767,399	588,933	841,639	1,246,548	525,953	324,017
11,629,481	7,880,196	6,578,950	8,004,356	9,498,361	8,871,678	9,186,629
<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>	<u>\$ 23,056,409</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>EXPENSES</b>				
Instructional services	\$ 41,671,944	\$ 49,907,806	\$ 24,093,425	\$ 29,306,992
Support services	22,809,470	25,962,277	14,532,451	18,122,976
Enterprise and community services	3,067,107	3,181,898	2,019,680	2,334,837
Facilities acquisition and construction	3,514,070	4,460,894	3,577,005	3,308,316
Interest on long-term liabilities	1,867,984	1,848,912	1,886,502	1,315,665
<i>Total Expenses</i>	<u>72,930,575</u>	<u>85,361,787</u>	<u>46,109,063</u>	<u>54,388,786</u>
<b>PROGRAM REVENUES</b>				
Charges for services				
Instructional services	2,213,306	33,474	9,600	12,820
Support services	127,969	122,730	95,339	88,289
Enterprise and community services	207,019	233,911	306,370	283,623
Operating grants and contributions				
Instructional services	6,275,170	7,406,012	5,935,859	5,526,146
Support services	51,849	59,461	1,610,000	1,579,747
Enterprise and community services	23,535	20,758	20,657	28,561
<i>Total Program Revenues</i>	<u>8,898,848</u>	<u>7,876,346</u>	<u>7,977,825</u>	<u>7,519,186</u>
<b>NET (EXPENSES)</b>	(64,031,727)	(77,485,441)	(38,131,238)	(46,869,600)
<b>GENERAL REVENUES</b>				
Property taxes, levies for general purposes	14,297,136	13,794,212	13,130,246	12,021,803
Property taxes, levies for debt service	4,615,732	4,608,926	4,591,214	4,747,104
Construction excise tax	310,969	131,098	146,908	153,512
State school fund	34,751,908	35,072,395	31,631,980	31,184,043
Common school fund	759,223	734,385	604,536	592,073
Unrestricted state and local funds	481,682	520,694	653,526	505,212
Earnings on investments	323,047	228,111	285,080	242,200
Miscellaneous	630,773	1,174,623	1,167,159	1,448,408
<i>Total General Revenues</i>	<u>56,170,470</u>	<u>56,264,444</u>	<u>52,210,649</u>	<u>50,894,355</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (7,861,257)</u>	<u>\$ (21,220,997)</u>	<u>\$ 14,079,411</u>	<u>\$ 4,024,755</u>

<b>Fiscal Year</b>					
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 28,827,126	\$ 31,164,003	\$ 31,566,430	\$ 31,519,646	\$ 32,129,947	\$ 32,356,853
18,036,716	19,391,817	18,954,506	17,719,441	17,433,684	18,883,185
3,268,376	2,170,139	2,214,326	2,293,078	2,733,372	1,836,829
444,777	764,784	1,098,761	1,072,767	2,009,000	1,033,416
518,847	961,803	985,368	1,221,821	1,362,204	1,521,404
<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>	<u>55,631,687</u>
66,859	36,672	261,179	40,261	36,643	59,027
103,846	110,103	92,905	92,134	93,174	119,416
276,587	295,732	314,864	367,139	412,233	437,760
5,380,686	7,222,202	7,773,885	7,703,515	8,548,194	6,819,318
1,555,538	1,519,739	1,289,311	1,500,842	1,504,546	1,452,665
46,945	21,607	22,868	23,056	22,558	23,149
<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>	<u>8,911,335</u>
(43,665,381)	(45,246,491)	(45,064,379)	(44,099,806)	(45,050,859)	(46,720,352)
12,092,378	12,040,513	11,729,231	11,625,360	10,965,811	10,391,707
4,489,989	4,267,847	4,219,233	6,284,317	6,511,439	5,362,098
144,847	76,936	123,933	215,977	1,339	-
28,116,085	27,621,735	26,359,638	28,060,932	27,971,623	28,957,197
626,493	567,476	546,375	565,602	442,920	601,310
752,783	389,885	1,345,120	1,125,136	1,500,375	1,171,547
121,277	136,170	106,622	136,313	440,774	1,061,196
1,166,475	1,213,796	1,075,699	973,576	1,902,992	1,207,363
<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>48,752,418</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>	<u>\$ 2,032,066</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Committed	395,267	437,938	491,499	506,520
Unassigned	6,078,226	7,050,308	8,483,932	9,242,354
Total general fund	<u>\$ 6,473,493</u>	<u>\$ 7,488,246</u>	<u>\$ 8,975,431</u>	<u>\$ 9,748,874</u>
All Other Governmental Funds				
Unreserved, reported in:				
Debt service fund	\$ -	\$ -	\$ -	\$ -
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Non-spendable	39,967	43,592	23,505	24,107
Restricted	3,698,616	7,853,470	16,512,007	46,897,897
Committed	2,431,490	2,813,756	2,035,941	1,216,115
Assigned	3,244,820	3,097,380	3,198,572	2,855,935
Total all other governmental funds	<u>\$ 9,414,893</u>	<u>\$ 13,808,198</u>	<u>\$ 21,770,025</u>	<u>\$ 50,994,054</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.

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Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ 6,857,188	\$ 4,753,070	\$ 5,417,250
517,427	-	-	-	-	-
5,606,433	4,704,418	5,967,496	-	-	-
<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>	<u>\$ 5,417,250</u>

\$ -	\$ -	\$ -	\$ 902,653	\$ 575,618	\$ 12,225
-	-	-	-	-	8,391
-	-	-	4,555,820	5,356,730	6,441,866
26,608	35,130	99,480	-	-	-
11,036,495	240,399	6,515,216	-	-	-
1,150,613	1,511,931	1,474,171	-	-	-
2,645,022	2,412,139	2,748,797	-	-	-
<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>	<u>\$ 6,462,482</u>



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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>REVENUES</b>				
Local sources	\$ 22,873,727	\$ 20,685,904	\$ 19,996,500	\$19,316,806
Intermediate sources	1,413,513	1,823,136	2,456,056	1,502,394
State sources	35,744,779	37,146,370	34,547,412	33,500,167
Federal sources	6,169,925	6,094,870	5,418,416	5,523,511
<i>Total Revenues</i>	<u>66,201,944</u>	<u>65,750,280</u>	<u>62,418,384</u>	<u>59,842,878</u>
<b>EXPENDITURES</b>				
Current operating				
Instruction	37,471,572	36,264,812	33,456,684	29,444,718
Support services	22,188,147	21,872,637	21,165,499	19,330,945
Enterprise and community services	2,939,729	2,607,229	2,428,783	2,307,429
Facilities acquisition & construction	1,235,535	1,553,429	2,457,010	2,131,372
Debt service				
Principal	2,699,000	2,435,000	1,720,000	3,695,000
Interest	2,039,497	2,200,659	3,037,189	744,293
Refinancing costs	-	-	-	-
Capital outlay	3,107,621	8,265,526	28,150,691	4,813,715
<i>Total Expenditures</i>	<u>71,681,101</u>	<u>75,199,292</u>	<u>92,415,856</u>	<u>62,467,472</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,479,157)	(9,449,012)	(29,997,472)	(2,624,594)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	816,962	538,453	865,043	40,000
Transfers out	(816,962)	(538,453)	(865,043)	(40,000)
Issuance of long-term debt	4,162,000	-	-	42,384,924
Amounts paid to fiscal agent	(4,091,597)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>70,403</u>	<u>-</u>	<u>-</u>	<u>42,384,924</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (5,408,754)</u>	<u>\$ (9,449,012)</u>	<u>\$ (29,997,472)</u>	<u>\$39,760,330</u>
Debt service as a percentage of noncapital expenditures	6.91%	6.93%	7.40%	7.70%

<b>Fiscal Year</b>					
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 18,762,877	\$ 18,223,061	\$ 18,183,929	\$ 19,790,163	\$ 20,361,686	\$ 19,306,717
465,757	418,279	874,694	433,750	242,992	253,093
30,489,306	31,260,764	28,453,842	30,724,706	31,914,429	31,522,990
5,246,800	5,785,666	8,042,691	7,715,540	7,765,998	6,488,161
<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>	<u>57,570,961</u>
28,871,580	31,159,833	31,229,822	31,135,433	33,178,509	31,655,886
18,001,375	19,370,791	18,982,380	17,681,195	18,751,455	18,486,197
2,120,990	2,142,818	2,132,277	1,193,441	1,369,479	1,818,386
848,373	4,231	-	-	-	-
3,760,000	9,575,000	3,555,000	4,770,000	4,410,000	4,065,000
556,954	961,623	1,023,828	1,193,441	1,369,479	1,527,929
-	-	85,000	-	-	-
24,105	374,617	42,350	42,350	1,559,146	91,232
<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>	<u>57,644,630</u>
781,363	(7,901,143)	(1,495,501)	2,648,299	(352,963)	(73,669)
1,251,601	977,634	467,506	1,300,000	862,010	3,340,000
(1,251,601)	(977,634)	(467,506)	(1,300,000)	(862,010)	(3,340,000)
22,843,994	-	5,985,000	-	-	-
(11,365,000)	-	-	-	-	-
<u>11,478,994</u>	<u>-</u>	<u>5,985,000</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ (73,669)</u>
7.97%	16.67%	8.03%	10.65%	9.78%	9.72%

**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					
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
2008	2,428,242,644	n/a	n/a	n/a	2,428,242,644	6.80	16,512,049	(79,716)	16,432,333

**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**

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<b>Fiscal Year</b>	<b>General Tax Permanent Rate</b>	<b>General Obligation Debt Service Rate</b>	<b>Total Direct Tax Rate</b>
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**

<b>Fiscal Year</b>	<b>City of Eugene</b>	<b>Junction City Water Control</b>	<b>Lane County</b>	<b>Lane Community College</b>	<b>River Road Park and Recreation</b>
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	2017			2008		
	Taxable Assessed Value	Rank <sup>1</sup>	of Total Taxable Assessed	Taxable Assessed Value	Rank	of Total Taxable Assessed
Ten Largest Taxpayers						
Verizon Communications	\$ 67,381,000	1	2.04			
Seneca Sawmill Co	73,652,312	2	2.23			
Weyerhaeuser NR Company	36,812,186	3	1.11			
Shepard Investment Group LLC	30,168,755	4	0.91			
Seneca Sustainable Energy LLC	46,183,385	5	1.40			
SFPP LP	32,764,777	6	0.99			
Commons At Pilot Butte LLC	20,565,621	7	0.62			
Flakeboard America LTD	19,311,894	8	0.58			
Taft Group 1 Inc	16,946,964	9	0.51			
Metropolitan Life Ins Co	14,978,005	10	0.45			
Subtotal of Ten Largest Taxpayers	358,764,899		10.84			
All Other Taxpayers	2,952,080,586		89.16			
Total All Taxpayers	\$ 3,310,845,485		100.00%			
Verizon Wireless				\$ 29,243,900	1	1.20
OR Dept of Economic Dev				25,341,618	2	1.04
Seneca Sawmill				36,071,260	3	1.49
Weyerhaeuser Co				19,997,701	4	0.82
Flakeboard America Limited				14,194,534	5	0.58
Taft Group I inc				12,644,959	6	0.52
Scan				12,714,339	7	0.52
Candlelight Partners LLC				12,534,176	8	0.52
Whittier Wood Products				11,901,143	9	0.49
Metropolitan Life Ins Co				10,972,319	10	0.45
Subtotal of Ten Largest Taxpayers				185,615,949		7.64
All Other Taxpayers				2,242,626,695		92.36
Total All Taxpayers				\$ 2,428,242,644		100.00%

<sup>1</sup> 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**

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Fiscal Year Ending June 30,	Net Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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
2008	16,393,712	15,376,832	93.80	259,092	15,635,924	95.38

**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.

<sup>1</sup> 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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less Amount Available for Repayment</b>	<b>Net General Obligation Bonds Outstanding</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Student</b>
2017	\$ 56,262,118	\$ 541,909	\$ 55,720,209	1.68	\$ 9,964
2016	58,359,335	652,324	57,707,011	1.81	10,286
2015	61,144,552	540,056	60,604,496	2.01	10,782
2014	63,214,769	498,159	62,716,610	2.16	11,736
2013	24,810,927	394,125	24,416,802	0.01	4,322
2012	17,125,000	6,161,960	10,963,040	0.00	1,945
2011	26,700,000	6,504,408	20,195,592	0.01	3,557
2010	24,270,000	890,198	24,270,000	0.91	4,261
2009	28,990,000	561,148	28,428,852	1.12	4,983
2008	33,350,000	-	33,350,000	1.37	5,768

**Other Governmental Activities Debt**

<b>Fiscal Year</b>	<b>Capital Leases</b>	<b>Total District</b>	<b>Per Student</b>	<b>Per Capita</b>	<b>Total Debt as Percentage of Personal Income</b>
2017	\$ -	\$ 55,720,209	9,964	\$ 147	n/a*
2016	-	57,707,011	10,286	159	n/a*
2015	-	60,604,496	10,782	167	n/a*
2014	-	62,716,610	11,736	175	n/a*
2013	-	24,416,802	4,322	69	n/a*
2012	-	10,963,040	1,945	31	n/a*
2011	-	20,195,592	3,557	57	n/a*
2010	-	24,270,000	4,261	69	n/a*
2009	50,000	28,478,852	4,992	82	n/a*
2008	100,000	33,450,000	5,785	97	n/a*
2007	150,000	37,470,412	6,462	111	n/a*

\* 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, 2017**

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<u>Overlapping Issuer</u>	<u>Overlapping Net Property-tax Backed Debt</u>	<u>Percent Overlapping</u>	<u>Overlapping Debt</u>
City of Eugene	\$ 17,862,000	16.17%	\$ 2,888,732
Lane Community College	65,725,000	9.56%	6,281,667
Lane County	26,410,000	9.70%	2,560,872
Lane ESD	6,485,000	9.72%	630,465
River Road Parks & Recreation	<u>245,000</u>	1.84%	<u>4,507</u>
Subtotal, overlapping debt	\$ 116,727,000		12,366,243
Direct District net property-tax backed debt			<u>52,759,166</u>
Total direct and overlapping debt			<u><u>\$ 65,125,409</u></u>

<sup>1</sup> 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>2008</u>	<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>
Debt Limit	\$ 193,045,290	\$ 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
Total net debt applicable to limit	<u>33,350,000</u>	<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>
Legal debt margin	<u>\$ 159,695,290</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	17.28%	14.43%	11.01%	9.39%	13.58%	11.23%	30.39%	28.24%	25.50%	23.77%

<sup>1</sup> 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:

<sup>A</sup> 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.

<sup>B</sup> 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:

<sup>A</sup> Kindergarten through eighth grade, 9 x .0055	4.95%
<sup>B</sup> 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**

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita</b> <b>Personal Income</b>	<b>Unemployment Rate</b>
2017	n/a	n/a	n/a	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
2008	343,140	13,126,119	35,027	5.4
2007	338,842	11,214,962	33,098	5.5
2006	336,085	10,580,153	31,480	5.8

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, OR (MSA)

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>	<b>2017</b>			<b>2008</b>		
	<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	5,808	1	3.92 %	4,300	1	2.87 %
University of Oregon	5,549	2	3.74	3,676	2	2.46
Lane County School District 4J	2,553	3	1.72	2,119	4	1.42
City of Eugene	1,747	4	1.18	1,452	7	0.97
U.S. Government	1,677	5	1.13	1,800	5	1.20
Lane Community College	1,650	6	1.11	2,531	3	1.69
Springfield School District	1,610	7	1.09	1,162	8	0.78
Lane County	1,567	8	1.06	1,786	6	1.19
Mckenzie-Willamette Medical Center	898	9	0.61	750	10	0.50
Royal Carribean	650	10	0.44	NA	-	-
State of Oregon	NA		NA	1,100	9	0.74
<i>Total Major Employers</i>	23,709		16.00	20,676		13.82
<i>Total All Employers</i>	148,181		100.00 %	149,600		100.00 %

Source:

*Eugene Chamber of Commerce and Oregon Employment Department*

**Notes**

- a. Employee count and percent of county employment is as of January 1st of each year.
- b. (Per OLMIS Labor Force Data - Employed Level - Monthly Data (January))

**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>
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**

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<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>
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, 2017**

<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	271	65%
Danebo Elementary	1965	46,200	464	303	65%
Fairfield Elementary	2015	65,000	680	363	53%
Irving Elementary	1965	56,000	492	381	77%
Malabon Elementary	2015	61,500	760	449	59%
Meadow View School	1998	114,800	836	760	91%
Prairie Mountain School	2004	125,700	848	745	88%
Cascade Middle School	1955	86,700	504	344	68%
Shasta Middle School	1961	88,900	560	434	78%
Kalapuya Alternative School	2002	12,400	175	94	54%
Willamette High School	1949	265,770	1,550	1,448	93%
			<u>7,285</u>	<u>5,592</u>	<u>77%</u>

Source:  
School District records.

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**OPERATING STATISTICS - FREE AND REDUCED LUNCHES**  
**YEAR ENDED JUNE 30, 2017**

<u>School</u>	<u>Non-Community Eligibility Provision (CEP)</u> <u>Counts by School</u>			
	<u>Enrollment</u>	<u>Free</u>	<u>Reduced</u>	<u>Percent Free or Reduced</u>
Irving Elementary	386	130	36	43%
Meadow View School	755	216	64	37%
Prairie Mountain School	746	363	83	60%
Shasta Middle	438	169	40	48%
Willamette High School	1,367	497	117	45%
<b>Total</b>	<b>3,692</b>	<b>1,375</b>	<b>340</b>	<b>46%</b>

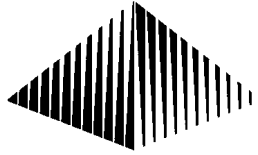
Non-CEP Schools reflect actual Free and Reduced percentages.

<u>School</u>	<u>Community Eligibility Provision (CEP)</u> <u>Counts by School</u>			
	<u>Enrollment</u>	<u>Identified Eligible</u>	<u>Factor</u>	<u>Percent Free or Reduced</u>
Clear Lake Elementary	266	148	1.6	89%
Danebo Elementary	297	156	1.6	84%
Fairfield Elementary	366	237	1.6	100%
Malabon Elementary	441	220	1.6	80%
Cascade Middle	336	166	1.6	79%
Kalapuya Alternative School	94	35	1.6	60%
<b>Total</b>	<b>1,800</b>	<b>962</b>	<b>1.6</b>	<b>86%</b>
<b>District Totals</b>	<b>5,492</b>		<b>3,254</b>	<b>59%</b>

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 the number of students identified as eligible for SNAP, TANF or FDPIR benefits.

***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, 2017, and have issued our report thereon dated December 15, 2017.

#### ***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.

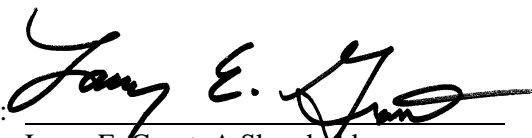
***Internal Control***

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 15, 2017

**BETHEL SCHOOL DISTRICT NO. 52, LANE COUNTY, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
<b><i>U.S. Department of Education</i></b>			
<b><i>Passed Through Oregon Department of Education</i></b>			
Title IA 15-16	35927	84.010	\$ 208,653
Title IA 16-17	41011	84.010	1,585,650
<i>Subtotal Title I Grants to Local Educational Agencies</i>			1,794,303
<b><i>Special Education Cluster (IDEA)</i></b>			
Extended Assessment Development Grant 16-17	40152	84.027	369,957
IDEA Part B, Section 611 16-17	41471	84.027	1,006,213
SPR & I 16-17	40767	84.027	5,514
Extended Assessment 16-17	41937	84.027	1,780
IDEA Enhancement 16-17	42596	84.027	15,504
Post School Outcomes	42808	84.027	630
<i>Subtotal Special Education - Grants to States</i>			1,399,598
IDEA Part B, Section 619 16-17	40557	84.173	6,603
<i>Subtotal Special Education Grants Cluster (IDEA)</i>			1,406,201
Title III - Language Acquisition 15-16	36307	84.365	14,635
Title III - Language Acquisition 16-17	41743	84.365	9,703
<i>Subtotal English Language Acquisition State Grants</i>			24,338
Title IIA - Improving Teacher Quality 14-15	32860	84.367	1,968
Title IIA - Improving Teacher Quality 15-16	36124	84.367	26,658
Title IIA - Improving Teacher Quality 16-17	41266	84.367	176,270
<i>Subtotal Supporting Effective Instruction State Grants</i>			204,896
<b><i>Passed through Oregon Department of Human Resources, Office of Vocational Rehabilitation Services</i></b>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	143314-2	84.126	72,541
<b><i>Passed Through Lane ESD</i></b>			
Education for Homeless Children and Youth 16-17	36478	84.196	6,551
Career and Technical Education - Basic Grants to States	IGA LESD	84.048	31,195
<b><i>Passed Through Springfield Public School</i></b>			
Arts in Education - Year 2	IGA Springfield SD	84.351	12,419
<b><i>Total U.S. Department of Education</i></b>			3,552,444
<b><i>Corporation for National and Community Service (CNCS)</i></b>			
<b><i>Passed Through Other Intermediate Agencies</i></b>			
Social Innovation Fund	N/A	94.019	42,798
<b><i>Total Corporation for National and Community Service (CNCS)</i></b>			42,798

*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, 2017**

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
<b>U.S. Department of Labor</b>			
<b>Passed through Lane Workforce Partnership</b>			
<i>WIOA Cluster</i>			
WIOA Youth Activities	31057	17.259	\$ 109,768
<i>Subtotal WIOA Cluster</i>			<u>109,768</u>
<b>Total U.S. Department of Labor</b>			109,768
<b>U.S. Department of Transportation</b>			
<b>Passed through Oregon Department of Transportation</b>			
<i>Highway Planning and Construction Cluster</i>			
Safe Routes to School 16-17 Project	IGA 2016-69	20.205	35,320
<i>Subtotal Highway Planning and Construction Cluster</i>			<u>35,320</u>
<b>Total U.S. Department of Transportation</b>			35,320
<b>U.S. Department of Health &amp; Human Services</b>			
<i>CCDF Cluster</i>			
<i>Passed through Oregon Employment Department</i>			
Child Care and Development Block Grant	10932	93.575	22,395
<i>Passed through Oregon Department of Education</i>			
Child Care and Development Block Grant	9789-A5	93.575	8,294
<i>Subtotal CCDF Cluster</i>			<u>30,689</u>
<b>Passed through Other Intermediate Agencies</b>			
Promoting Safe and Stable Families I	N/A	93.556	8,637
Promoting Safe and Stable Families II	N/A	93.556	4,718
<i>Subtotal Promoting Safe and Stable Families</i>			<u>13,355</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			44,044
<b>U.S. Department of Interior</b>			
<b>Passed through Bureau of Land Management Oregon State Office</b>			
Recreation Resource Management	GRNT0962	15.225	1,230
Secure Rural Schools and Community Self-Determination	L14AC00203	15.234	35,703
<b>Total U.S. Department of Interior</b>			36,933
<b>U.S. Department of Homeland Security</b>			
<b>Passed through the Office of Emergency Management</b>			
Disaster Grants - Public Assistance	FEMA-DR-4296-OR	97.036	49,762
<b>Total U.S. Department of Homeland Security</b>			49,762

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, 2017**

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Pass Through Entity Identifying Number</i>	<i>Federal CFDA Number</i>	<i>Expenditures</i>
<b><i>U.S. Department of Agriculture</i></b>			
<b><i>Passed Through Lane County, Oregon</i></b>			
<i>Forest Service Schools and Roads Cluster</i>			
Schools and Roads - Grants to States	N/A	10.665	\$ 43,449
<i>Subtotal Forest Service Schools and Roads Cluster</i>			<u>43,449</u>
<b><i>Passed Through Oregon Department of Education</i></b>			
<i>Child Nutrition Cluster</i>			
National School Breakfast Programs	N/A	10.553	492,424
National School Lunch Programs	N/A	10.555	1,388,698
National School Lunch Program Commodity Value Received	N/A	10.555	179,983
Summer Food Service Program for Children	N/A	10.559	20,940
<i>Subtotal Child Nutrition Cluster</i>			<u>2,082,045</u>
State Administrative Expenses for Child Nutrition	N/A	10.560	3,255
Child and Adult Care Food Program	N/A	10.558	78,252
Fresh Fruit and Vegetable Program	Various	10.582	77,114
<b><i>Total U.S. Department of Agriculture</i></b>			<u>2,284,115</u>
<b><i>U.S. Environmental Protection Agency</i></b>			
<b><i>Passed through Other Intermediate Agencies</i></b>			
Environmental Education Grants	N/A	66.951	767
<b><i>Total U.S. Environmental Protection Agency</i></b>			<u>767</u>
<b><i>U.S. Department of Defense</i></b>			
<b><i>Passed through Department of the Army, Office of the Chief of Engineers</i></b>			
Youth Conservation Services	W9127N-14-2-0013-0002	12.010	1,685
Youth Conservation Services	W9127N-14-2-0013-0003	12.010	12,289
<b><i>Total U.S. Department of Defense</i></b>			<u>13,974</u>
<b><i>Total Federal Expenditures</i></b>			<u><u>\$ 6,169,925</u></u>

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, 2017**

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***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, 2017. 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, 2017.

***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.

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### ***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, 2017, 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 15, 2017.

#### ***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 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 15, 2017





## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
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### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2017. 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, 2017.

### ***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 15, 2017

**BETHEL SCHOOL DISTRICT NO. 52. LANE COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2017**

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**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 programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major 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 program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556 & 10.559	Child Nutrition Cluster

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.