

**EAGLE POINT
SCHOOL DISTRICT NO. 9
Eagle Point, Oregon**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

WITH

INDEPENDENT AUDITOR'S REPORTS



Certified Public Accountants, LLP

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**EAGLE POINT SCHOOL DISTRICT NO. 9
Eagle Point, Oregon
June 30, 2018**

BOARD OF DIRECTORS AS OF JUNE 30, 2018

Nita Lundberg	Chairperson
Dan Hodges	Vice Chairperson
Tony Lallo	Member
Ana Mannenbach	Member
Emily Mcintire	Member

**ADMINISTRATIVE OFFICE
11 North Royal
Eagle Point, Oregon 97524**

Cynda Rickert	Superintendent
Scott Whitman	Business Manager

EAGLE POINT SCHOOL DISTRICT NO. 9
Eagle Point, Oregon
Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eagle Point School District No. 9
Eagle Point, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle Point School District No. 9 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity 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, the General Fund and Major Special Revenue Fund budgetary comparison information, certain other postemployment benefit schedules, and certain pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to Management's Discussion and Analysis, certain other postemployment benefit schedules, and certain pension schedules 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 and Special Revenue Fund budgetary comparison information is the responsibility of management and was 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 General Fund and Major Special Revenue Fund budgetary comparison information are fairly stated in all material aspects, 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 other supplementary information, as listed in the Table of Contents, is presented for the purposes of additional analysis and is not a required part of the 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 basic 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the other supplementary information, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards* and Oregon State Regulations

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2018, on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

In accordance with Oregon State Regulation, we have also issued our report dated December 18, 2018 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 18, 2018

EAGLE POINT SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

As management of Eagle Point School District No. 9 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- In the **government-wide statements**, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2018 by \$13.82 million. Of this amount, \$34.03 million is invested in capital assets, \$533 thousand is restricted for debt service and the balance, (\$20.75 million), is unrestricted. The majority of this unrestricted negative amount is associated with the District's pension and other post-employment benefit liabilities of \$39.94 million.
- In the **government-wide statements**, net position increased by \$2.19 million at June 30, 2018.
- In the **government-wide statements**, net investment in capital assets, decreased by \$789 thousand during the 2018 fiscal year. This decrease is mainly attributed to accumulated depreciation increases in the new year.
- At the end of the fiscal year, fund balance for all **governmental funds** was \$7.88 million, an increase of \$1.97 million (33.44%) in comparison to the prior year. The majority of this increase appears in the general fund and can be attributed to lower than expected staffing costs and an increased funding ratio from the state school fund in this first year of the state's budget biennium. Approximately \$ 3.74 million of this overall fund balance is available for spending at the District's discretion.
- At the end of the fiscal year, unassigned fund balance for the **General Fund** was \$3.74 million, up from \$3.36 million in the prior year, an increase of 11.32%. Fund balance in the General Fund represents about 16.41% of total General Fund revenues, up from 12.74% in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains 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* presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or 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 and earned but unused

vacation leave).

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

The government-wide financial statements can be found as listed in the Table of Contents.

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. All of the funds of the District can be categorized into two categories: governmental funds and fiduciary funds.

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

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

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The basic fiduciary fund financial statements can be found as listed in the Table of Contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the Table of Contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post-Employment Benefits are considered required supplementary information. Other supplementary information is presented on the basic financial statements as listed in the Table of Contents. The combining statements referred to earlier in connection with non-major governmental funds are presented as Supplementary Information as listed in the Table of Contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$13.82 million at June 30, 2018.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 78.93% of total assets. The remaining assets consist mainly of investments, cash, prepaid expenses, and grants and property taxes receivable.

The District's liabilities include the PERS pension liability and other actuarially determined post-employment benefits of \$39.94 million. Outside of these actuarial disclosure amounts, the largest liability is for the repayment of general obligation bonds representing 18.68% of the District's other liabilities. Other liabilities consisting almost entirely of payables on accounts and capital lease obligations make up the balance of District liabilities.

A significant portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these 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.

Changes in Net Position for the fiscal years ended June 30, 2018 and 2017 Governmental Activities

	June 30, 2018	June 30, 2017	Net Change
Assets and Deferred Outflows			
Current assets	\$ 11,785,130	\$ 9,106,218	\$ 2,678,912
Net Pension Asset	76,148	-	76,148
Net Capital Asset	44,442,219	45,231,380	(789,161)
Total assets	56,303,497	54,337,598	1,965,899
Deferred Outflows of Resources	14,361,490	23,481,643	(9,120,153)
Liabilities and Deferred Inflows			
Current liabilities	6,499,273	6,068,424	430,849
Net pension liability	39,941,172	47,716,332	(7,775,160)
Long term liabilities	7,215,750	10,447,304	(3,231,554)
Total liabilities	53,656,195	64,232,060	(10,575,865)
Deferred Inflows of Resources	3,191,233	1,959,980	1,231,253
Net Position			
Net investments in capital assets	34,032,412	31,405,829	2,626,583
Restricted for debt service	532,700	464,328	68,372
Unrestricted	(20,747,552)	(20,242,956)	(504,596)
Total Net Assets	\$ 13,817,560	\$ 11,627,201	\$ 2,190,359

Statement of Activities. As previously stated, all District activities are governmental in nature, and during the current fiscal year, the District's net position increased by about \$2.19 million, representing an 71.50% change from the prior year.

**Changes in Statement of Activities
for the fiscal years ended June 30, 2018 and 2017**

	Governmental Activities		
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase / (Decrease)</u>
Program Revenues			
Charges for Services	\$ 812,486	\$ 957,333	\$ (144,847)
Operating Grants and Contributions	4,780,746	4,360,390	420,356
General Revenues			
Property Taxes	13,302,967	12,672,851	630,116
State School Fund	29,182,507	26,473,240	2,709,267
Other State and Federal Sources	1,437,047	1,430,922	6,125
Gain/(Loss) on Sale of Fixed Assets	(4,392)	(58,270)	53,878
Earnings on Investments	211,579	105,057	106,522
Contributions and Miscellaneous	504,088	398,671	105,417
Total Revenues	50,227,028	46,340,194	3,886,834
Expenses			
Instruction	26,334,198	25,939,628	394,570
Support Services	18,987,662	18,425,271	562,391
Community Services	2,072,565	2,075,687	(3,122)
Debt Service	642,245	772,610	(130,365)
Total Expenses	48,036,670	47,213,196	823,474
Change in Net Position	\$ 2,190,358	\$ (873,002)	\$ 3,063,360

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2018, the District's governmental funds reported combined ending fund balances of \$7.88 million, an increase of about \$1.97 million in comparison with the prior year. About \$3.74 million (47.50%) of the ending fund balance constitutes *unassigned ending fund balance*, which is available for spending at the District's discretion. \$533 thousand is restricted for debt service obligations.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2018, total fund balance was \$6.53 million, up from \$4.83 million in the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 16.41% of total General Fund expenditures. The General Fund made transfers during the year for \$17.8 thousand to the Food Services Fund to supplement operations. The District has managed its general operations over the current and prior years to bring expenditure levels more closely in line with projected on-going state and federal resources in an attempt to avoid large fluctuations in fund balance. The larger increase this year is due in part in anticipation of higher retirement and health benefits costs in future years. Expenditures levels have been managed largely through staffing level adjustments in response to anticipated state funding levels.

Special Revenue Fund: The Special Revenue Fund has a total fund balance of \$813 thousand, all of which is assigned for the specific purposes of the various federal and state grants and other programs accounted for in this fund.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$533 thousand, all of which is restricted for debt service. The net increase in fund balance during the current fiscal year was \$68 thousand. This fund incurs no expenditures other than debt service payments.

BUDGETARY ACTIVITY

During the fiscal year ended June 30, 2018, there were no changes to the District's adopted budget. Adopted, final, budgetary activity amounts are as follows:

	Budgetary Activity			
	Adopted	Final	Actual	Change
General Fund				
Instruction	\$ 25,390,587	\$ 25,390,587	\$ 23,365,377	\$ 2,025,210
Support Services	16,022,899	16,022,899	15,954,314	68,585
Debt Services	492,514	492,514	492,513	1
Transfers	25,000	25,000	17,847	7,153
Contingency	1,500,000	1,500,000	-	1,500,000
Total	43,431,000	43,431,000	39,830,051	3,600,949
Special Revenue Fund				
Instruction	2,099,996	2,099,996	745,090	1,354,906
Support Services	2,850,000	2,850,000	2,421,569	428,431
Community Services	2,265,004	2,265,004	1,902,993	362,011
Contingency	50,000	50,000	-	50,000
Total	7,265,000	7,265,000	5,069,652	2,195,348
Debt Service Fund				
Debt Services	3,429,763	3,429,763	3,429,763	-
Total	3,429,763	3,429,763	3,429,763	-
Trust and Agency Fund				
Community Services	300,000	300,000	81,554	218,446
Total	300,000	300,000	81,554	218,446

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, and vehicles and equipment. As of June 30, 2018, the District had invested about \$44.44 million in capital assets, net of depreciation.

Additional information on the District's capital assets can be found on page 19 in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$9.83 million, consisting of general obligation debt net of unamortized premium/discount and interest on advanced refunding, compared to about \$12.68 million in the prior year. The District has capital lease amounts due of \$516 thousand.

During the current year, the District's total bonded debt decreased by \$2.75 million, a result of current year principal payments made. The District maintains an "Aa1" rating from Moody's Investor Service for general obligation bonded debt based on the Oregon School Bond Guaranty Program with an underlying rating of "A1".

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95% of real market value of all taxable property within its district. The current debt limitation for the District is over \$200 million, which is significantly in excess of the District's outstanding general obligation debts.

Additional information on the District's long-term debt can be found beginning on page 20 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District will continue to monitor costs and projections to match expenditure levels to on-going revenues. Cost cutting and savings measures are always considered to maintain this commitment. The budgeting process for 2018-19 and future years takes projected funding levels into account when establishing and maintaining staffing levels, programs and activities for the District.

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 Business Manager at 11 North Royal Avenue, PO Box 548, Eagle Point, Oregon 97524.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS:	
ASSETS:	
Cash and investments	\$ 7,687,545
Receivables	2,967,321
Prepaid Expenses	1,130,264
Other post employment benefit (RHIA)	76,148
Capital assets, net	
Land	1,923,984
Construction in progress	42,241
Buildings and improvements	39,095,070
Machinery, equipment and vehicles	<u>3,380,924</u>
TOTAL ASSETS	<u>56,303,497</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge associated with advance refunding	128,549
Deferred outflows related to pension and other post employment benefits	<u>14,232,941</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>14,361,490</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>70,664,987</u>
LIABILITIES AND DEFERRED INFLOWS:	
LIABILITIES:	
Accounts payable	763,926
Accrued payroll liabilities	2,367,087
Accrued interest payable	11,877
Unearned revenue	149
Accrued compensated absences payable	33,628
Other post employment benefit obligation (due in more than one year)	5,083,657
Early retirement stipend pension plan obligation (due in more than one year)	73,697
Net pension liability (OPERS) (due in more than one year)	34,783,818
Capital lease payable	
Due within one year	229,064
Due in more than one year	286,880
Debt payable, net of unamortized discount/premium	
Due within one year	3,093,542
Due in more than one year	<u>6,928,870</u>
TOTAL LIABILITIES	<u>53,656,195</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pension and other post employment benefits	<u>3,191,233</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>56,847,428</u>
NET POSITION:	
Net investment in capital assets	34,032,412
Restricted for debt service	532,700
Unrestricted	<u>(20,747,553)</u>
TOTAL NET POSITION	<u>\$ 13,817,559</u>

**EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 26,334,198	\$ 579,683	\$ 833,449	\$ (24,921,066)
Supporting services	18,987,662	40,928	2,395,155	(16,551,579)
Community services	2,072,565	199,033	1,711,137	(162,395)
Interest expense	642,245	-	-	(642,245)
Total government activities	\$ 48,036,670	\$ 819,644	\$ 4,939,741	(42,277,285)

General revenues:

Property taxes levied for general purposes	9,836,477
Property taxes levied for debt service	3,466,490
State school fund - general support	29,182,507
Common school fund	394,214
Federal forest fees	52,409
Unrestricted state and local sources	990,424
Earnings on investments	211,579
Gain/(Loss) on sale of assets	(4,392)
Miscellaneous	337,935
Total general revenues	44,467,643
CHANGE IN NET POSITION	2,190,358
NET POSITION - July 1, 2017	11,627,201
NET POSITION - June 30, 2018	\$ 13,817,559

FUND FINANCIAL STATEMENTS

**EAGLE POINT SCHOOL DISTRICT NO. 9
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Total
ASSETS:				
Equity in pooled cash and investments	\$ 7,191,350	\$ 25,425	\$ 470,770	\$ 7,687,545
Receivables	1,497,812	1,204,077	265,432	2,967,321
Prepays	1,052,083	78,181	-	1,130,264
TOTAL ASSETS	\$ 9,741,245	\$ 1,307,683	\$ 736,202	\$ 11,785,130
LIABILITIES:				
Accounts payable	\$ 389,177	\$ 374,749	\$ -	\$ 763,926
Accrued payroll liabilities	2,246,881	120,206	-	2,367,087
Unearned revenue	-	149	-	149
TOTAL LIABILITIES	2,636,058	495,104	-	3,131,162
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	572,191	-	203,502	775,693
TOTAL DEFERRED INFLOWS	572,191	-	203,502	775,693
Fund Balances:				
Nonspendable				
Prepaid expense	1,052,083	78,181	-	1,130,264
Restricted				
Education grants	771	49,229	-	50,000
Food service	-	486,570	-	486,570
Debt service	-	-	532,700	532,700
Committed	1,500,000	50,000	-	1,550,000
Assigned				
Technology	-	64,270	-	64,270
Student body	237,948	-	-	237,948
Other purposes	-	84,329	-	84,329
Unassigned	3,742,194	-	-	3,742,194
TOTAL FUND BALANCES	6,532,996	812,579	532,700	7,878,275
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 9,741,245	\$ 1,307,683	\$ 736,202	\$ 11,785,130

**EAGLE POINT SCHOOL DISTRICT NO. 9
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2018**

TOTAL FUND BALANCES \$ 7,878,275

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

Cost	\$ 70,953,451	
Accumulated depreciation	<u>(26,511,232)</u>	44,442,219

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. 775,693

The District has a deferred charge associated with its 2005 advance refunding of its 2000 Series bond. The deferred charge is not available to pay for current expenditures, and therefore, is not reported in governmental funds. 128,549

The other post employment benefit asset (RHIA) is not reported with the governmental funds as it is not available nor payable currently. 76,148

The net deferred outflow/(inflow) associated with the District's pension and other post employment benefits is not recorded in the governmental funds as it is not available payable currently. 11,041,708

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

Accrued interest payable	(11,877)	
Bonds payable, net of premium	(10,022,412)	
Capital lease payable	(515,944)	
Pension liability (Stipend)	(73,697)	
Pension liability (OPERS)	(34,783,818)	
Other post employment obligation benefits	(5,083,657)	
Compensated absences payable	<u>(33,628)</u>	<u>(50,525,033)</u>

TOTAL NET POSITION \$ 13,817,559

EAGLE POINT SCHOOL DISTRICT NO. 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total
REVENUES				
Property taxes and other taxes	\$ 9,832,787	\$ -	\$ 3,464,803	\$ 13,297,590
Intergovernmental	30,671,950	4,728,350	-	35,400,300
Charges for services	706,512	201,829	-	908,341
Local grants and contributions	62,537	59,139	-	121,676
Investment earnings	181,324	216	33,332	214,872
Miscellaneous	77,542	262,893	-	340,435
TOTAL REVENUES	41,532,652	5,252,427	3,498,135	50,283,214
EXPENDITURES				
Current				
Instruction	23,365,377	745,090	-	24,110,467
Support services	15,954,314	2,421,569	-	18,375,883
Enterprise and community services	-	1,902,993	-	1,902,993
Debt service	492,513	-	3,429,763	3,922,276
TOTAL EXPENDITURES	39,812,204	5,069,652	3,429,763	48,311,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,720,448	182,775	68,372	1,971,595
OTHER FINANCING SOURCES (USES)				
Sale of assets	2,500	-	-	2,500
Transfers in/(out)	(17,847)	17,847	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(15,347)	17,847	-	2,500
NET CHANGE IN FUND BALANCE	1,705,101	200,622	68,372	1,974,095
FUND BALANCE, July 1, 2017	4,827,895	611,957	464,328	5,904,180
FUND BALANCE, June 30, 2018	\$ 6,532,996	\$ 812,579	\$ 532,700	\$ 7,878,275

**EAGLE POINT SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

NET CHANGE IN FUND BALANCE \$ 1,974,095

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

Government 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 outlay exceeded depreciation in the current period:

Expenditures for capital assets	\$ 1,022,083	
Less current year depreciation	<u>(1,801,852)</u>	(779,769)

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

Capital lease repayments	631,423	
Debt principal repaid	<u>2,745,000</u>	3,376,423

Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:

Amortization of premium (discount)	118,475	
Amortization of interest on advance refunding	<u>(79,154)</u>	39,321

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. This is the amount by which the interest paid exceeded the interest expense.

Interest paid	689,156	
Less: Interest expense	<u>(681,566)</u>	7,590

Governmental funds report proceeds from the sale of capital assets as revenue. However, only the net gain (loss) on the sale is reported in the Statement of Activities.

Cost basis of assets sold	(42,692)	
Accumulated depreciation	<u>33,300</u>	(9,392)

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.

2,084

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.

950

The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds

128,430

The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds.

129,600

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense. (OPERS and stipend)

(2,678,974)

CHANGE IN NET POSITION \$ 2,190,358

**EAGLE POINT SCHOOL DISTRICT NO. 9
 STATEMENT OF NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>
ASSETS:	
Equity in pooled cash and investments	\$ 93,517
TOTAL ASSETS	<u>93,517</u>
NET POSITION:	
Held in trust for:	
Scholarships	<u>93,517</u>
TOTAL NET POSITION	<u>\$ 93,517</u>

**EAGLE POINT SCHOOL DISTRICT NO. 9
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Donations	\$ 51,000
TOTAL ADDITIONS	<u>51,000</u>
DEDUCTIONS:	
Community services	<u>81,554</u>
TOTAL DEDUCTIONS	<u>81,554</u>
CHANGE IN NET POSITION	(30,554)
NET POSITION, July 1, 2017	<u>124,071</u>
NET POSITION, June 30, 2018	<u>\$ 93,517</u>

NOTES TO BASIC FINANCIAL STATEMENTS

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The Reporting Entity

Eagle Point School District No. 9 (the District), Eagle Point, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by accounting principles generally accepted in the United States of America (GAAP), 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.

The more significant of the District's accounting policies are described below.

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. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

There are stated minimum criteria for the determination of major funds: percentage of assets, liabilities, revenues or expenditures/expenses among others. The District reports the following major governmental funds:

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

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 and includes the District's athletic activity and Student Body fundraising activities.

The Special Revenue Fund – This fund accounts for revenue sources that are legally restricted for specific purposes. This fund accounts for the revenues and expenditures related to Federal and State grants, revenues and expenditures for the food dispensing programs, and a portion of Student Body activities.

Debt Service Fund – This fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue source is property taxes.

Additionally, the District reports the following fund types:

The private-purpose trust fund is used to account for fund-raising and scholarship resources held by the District in a fiduciary capacity. Disbursements from this fund are made in accordance with the trust and fund-raising agreements.

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. Revenue from grants, entitlements, and donations is 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. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program, it is the District's policy to first apply cost-reimbursement grant resources to such programs and then 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, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less.

The District's investments, authorized under state statute, consist of time certificates of deposit, money market accounts, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. Changes in fair value of investments are recorded as investment earnings.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

The Oregon State Treasury administers the LGIP. It 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 fund. 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. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of charges for service, State School Support and claims for reimbursement of costs under various federal and state grants.

Grants

Unreimbursed grant 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.

Capital Assets

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

Buildings and Improvements	10 to 50 years
Equipment	3 to 30 years

Retirement Plan

Substantially all regular District employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenditures/expenses as funded.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Retirement Plan (continued)

In addition, eligible certified employees, confidential employees, and administrative supervisors qualify for early retirement stipend benefits which are funded and charged to expenses/expenditures at actuarially determined amounts. Actual contributions are made on a current basis as required by the plan and are charged to the Funds as expenditures.

Post-Employment Health Care Benefits

The District's Other Post Employment Health Care Benefits (OPEB) includes a subsidy for group medical insurance premiums. The valuation includes both eligible active employees and retirees. With each valuation, the net OPEB obligation or asset is determined, as well as an annual OPEB cost, which the District records in the government-wide financial statements. Medical premiums are recorded as an expenditure in the Funds as premiums become due.

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 since 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. 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position (government-wide financials) and the balance sheet (governmental funds) 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) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of deferred outflows, which arises only under the full accrual of accounting (i.e. government-wide financials) that qualifies for reporting in this category. Accordingly, these items, a deferred amount related to pensions and other post-employment benefits, and a deferred charge associated with the advance refunding of General Obligation Bonds, are reported only in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows. One arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The District has one type of deferred inflow which arises only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred amounts related to pensions and other post-employment benefits, is reported in the government-wide statement of net position.

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 and applicable bond principal and interest on advance refunding.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Long-term Debt (continued)

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.

Net Position and Fund Balances

In the government-wide financial statements, equity is classified as net position and displayed in three components:

1. *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
2. *Restricted net position* – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.
3. *Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified in the following categories:

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

Interfund Transactions

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

Budget

A budget is prepared and legally adopted for each governmental fund type and fiduciary fund type on the modified accrual basis of accounting. The budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Budget (continued)

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, 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 within a fund between the levels of control (major function levels) with Board approval. There were no budget resolutions during the year. Appropriations lapse at the end of each fiscal year.

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 could differ from those estimates.

New GASB Pronouncements Adopted

During the fiscal year ended June 30, 2018, the District implemented the following GASB Pronouncements:

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 85, *Omnibus 2017*. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contract at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

New GASB Pronouncements Adopted (continued)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Issued May 2017, the purpose of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2018:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the District, fiscal year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the District, fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increasing the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, issued March 2018 to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 will be effective for the District for fiscal year ending June 30, 2019.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for fiscal year ending June 30, 2020.

The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 2 – Equity in Pooled Cash and Investments

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

Petty cash	\$ 955
Carrying amount of demand deposits	2,706,843
Carrying amount of investments	<u>5,073,264</u>
	<u>\$ 7,781,062</u>
Statement of Net Position	
Cash and investments	\$ 7,687,545
Statement of Fiduciary Net Position	
Cash and investments	<u>93,517</u>
Total cash and investments	<u>\$ 7,781,062</u>

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2018. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2018, the carrying amounts of the District's deposits in various financial institutions were \$2,706,841 and the bank balances were \$3,567,456. All deposits are held in the name of the District. Of the bank balance, \$250,000 is considered to be covered by federal depository insurance. The balance of \$3,317,456 is not covered by FDIC insurance but is considered to be collateralized by the State of Oregon shared liability structure for participating bank depositories in Oregon.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying 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 the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Investments. Eagle Point School District No. 9 invests funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 2 – Equity in Pooled Cash and Investments (continued)

Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. The LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2018 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 2 – Equity in Pooled Cash and Investments (continued)

	<u>Totals as of</u> <u>06/30/18</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Amortized Cost</u> <u>Measurement</u> <u>Not Measured</u> <u>at Fair Value</u>
Investments Measured at Fair Value:					
Local Government Investment Pool	<u>\$5,073,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,073,264</u>
	<u>\$5,073,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,073,264</u>

Note 3 – Receivables

Receivables are comprised of the following as of June 30, 2018:

	<u>Property</u> <u>Taxes</u>	<u>Accounts</u>	<u>Grants</u>	<u>Total</u>
General Fund	\$ 749,952	\$ 747,860	\$ -	\$ 1,497,812
Special Revenue Fund	-	-	1,204,077	1,204,077
Debt Service Fund	<u>265,432</u>	<u>-</u>	<u>-</u>	<u>265,432</u>
	<u>\$ 1,015,384</u>	<u>\$ 747,860</u>	<u>\$ 1,204,077</u>	<u>\$ 2,967,321</u>

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 4 – Capital Assets

The changes in capital assets for the year ended June 30, 2018 are as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 1,923,984	\$ -	\$ -	\$ 1,923,984
Construction-in-Progress	<u>241,703</u>	<u>42,241</u>	<u>(241,703)</u>	<u>42,241</u>
Total capital assets not being depreciated	<u>2,165,687</u>	<u>42,241</u>	<u>(241,703)</u>	<u>1,966,225</u>
Capital assets being depreciated				
Buildings and Improvements	62,069,968	129,335	66,771	62,266,074
Machinery/Equipment/Vehicles	<u>5,738,405</u>	<u>850,507</u>	<u>132,240</u>	<u>6,721,152</u>
Total	<u>67,808,373</u>	<u>979,842</u>	<u>199,011</u>	<u>68,987,226</u>
Less accumulated depreciation for:				
Buildings and Improvements	(21,750,796)	(1,420,208)	-	(23,171,004)
Machinery/Equipment/Vehicles	<u>(2,991,884)</u>	<u>(381,644)</u>	<u>33,300</u>	<u>(3,340,228)</u>
Total	<u>(24,742,680)</u>	<u>(1,801,852)</u>	<u>33,300</u>	<u>(26,511,232)</u>
Total capital assets, net				
Land	1,923,984	-	-	1,923,984
Construction-in-Progress	241,703	42,241	(241,703)	42,241
Buildings and Improvements	40,319,172	(1,290,873)	66,771	39,095,070
Machinery/Equipment/Vehicles	<u>2,746,521</u>	<u>468,863</u>	<u>165,540</u>	<u>3,380,924</u>
Total	<u>\$45,231,380</u>	<u>\$ (779,769)</u>	<u>\$ (9,392)</u>	<u>\$44,442,219</u>

Depreciation expense for the fiscal year was \$1,801,852 and is allocated to the various functions.

Instruction	\$ 1,005,433
Supporting Services	718,939
Community Services	<u>77,480</u>
	<u>\$ 1,801,852</u>

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 5 – Deferred Inflow / Unearned Revenue

Governmental funds, under the modified accrual basis of accounting, accrue revenue for revenue amounts unearned or unavailable. Government-wide reporting use full accrual accounting and report only unearned revenue. Unavailable revenue (deferred inflows) result in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue result in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of available (deferred inflow) and unearned revenue in the governmental funds consisted of the following:

<u>Fund Type</u>	<u>Property Tax Unavailable</u>	<u>Grants/Other Unearned</u>	<u>Total</u>
General Fund	\$ 572,191	\$ -	\$ 572,191
Debt Service Fund	203,502	-	203,502
Special Revenue fund	-	149	149
Total	<u>\$ 775,693</u>	<u>\$ 149</u>	<u>\$ 775,842</u>

Note 6 – Long-Term Obligations

Capital Lease Payable

Various lease agreements have been entered into with interest rates varying from 2.6% to .9%. These agreements qualify as capital leases for accounting purposes and were recorded at the present value of future minimum lease payments as of the inception date in the Statement of Net Position. The total costs of the lease purchase items are \$706,904. Interest expense in the current year was \$19,994.

The following is the scheduled payment amount:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 229,064	\$ 20,892	\$ 249,956
2020	141,600	7,459	149,059
2021	145,280	3,777	149,057
	<u>\$ 515,944</u>	<u>\$ 32,128</u>	<u>\$ 548,072</u>

Bonds Payable

On April 1, 2005, the District issued \$25.1 million in General Obligation Bonds with an average interest rate of 5.28 percent to advance refund \$25.58 million of outstanding 2000 Series Bond with an average interest rate of 5.21 percent. The net proceeds of \$24.84 million (after payment of \$253 thousand in underwriting fees, insurance and other issuance costs) plus an additional \$2.66 million original issue premium were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust through an escrow agent to provide for future debt service payments on the 2000 Series Bond. As a result, a portion of the 2000 Series bond is considered to be defeased and the liability has been removed from the government-wide Statement of Net Position.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 6 – Long-Term Obligations (continued)

Bonds Payable (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.87 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2021 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over 16 years by \$1.2 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$868 thousand.

The annual requirements to amortize all bonded debt outstanding as of June 30, 2018 are as follows:

<u>Fiscal Year ended June 30</u>	<u>Bonds</u>		<u>Interest Rates</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 3,000,000	\$ 540,650	5.25 - 5.50%
2020	3,270,000	375,650	5.50%
2021	3,560,000	195,800	5.50%
	<u>\$ 9,830,000</u>	<u>\$ 1,112,100</u>	

Outstanding issues are callable as follows: April 1, 2005 – noncallable

The changes in unmatured bond principal for year ended June 30, 2018 are as follows:

<u>Issue Date:</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2017</u>	<u>Matured & Redeemed</u>	<u>Outstanding June 30, 2018</u>	<u>Due Within One Year</u>
April 1, 2005	<u>\$ 25,095,000</u>	\$ 12,575,000	\$ (2,745,000)	\$ 9,830,000	\$ 3,000,000
Unamortized Interest on Advance Refunding		(207,703)	79,154	(128,549)	(62,495)
Unamortized premium/(discount)		310,887	(118,475)	192,412	93,542
		<u>\$ 12,678,184</u>	<u>\$ (2,784,321)</u>	<u>\$ 9,893,863</u>	<u>\$ 3,031,047</u>

Interest expense under bonds payable for the year ended June 30, 2018 was \$677,172. Amortization of interest on advance refunding and bond premium of (\$39,321) are included on the Statement of Activities in interest expense.

Note 7 – Compensated Absences

	<u>Balance June 30, 2017</u>	<u>Earned</u>	<u>Used</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Compensated absences	\$ 34,578	\$ 180,151	\$ 181,101	\$ 33,628	\$ 33,628

Compensated absences consist of up to forty hours earned but unused vacation pay.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 8 – Interfund Transactions

Interfund transfers during the fiscal year ended June 30, 2018, were as follows:

	Transfers	
	In	Out
General Fund	\$ -	\$ 17,847
Special Revenue Fund		
Food Service Program	17,847	-
	\$ 17,847	\$ 17,847

The District made a transfer from the General Fund of \$17,847 to the Food Service Program to supplement current operations.

Note 9 – Postemployment Benefits Other Than Pensions (OPEB)

Single-Employer Defined Benefit Health Care Plan

Plan Description – The District maintains a single-employer defined benefit OPEB plan that provides post-employment health benefits to eligible employees and their spouses, domestic partners, and children. The program covers licensed eligible employees with between 10 and 20 years of service, depending on time of service and step achieved on the salary schedule. An eligible employee qualifies for the current medical insurance benefit premium only if they retire before age 62. The program provides employees who have qualified for early retirement to receive health insurance benefits until they reach age sixty-five, become otherwise eligible for Medicare, or up to ten years of payments, whichever comes first. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

In addition, the District’s post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. 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. There requirement to make available to retirees (at the retiree’s own cost) access in to the healthcare plan has an implicit cost to the district.

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 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. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Employees Covered by Benefit Terms – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees entering employment subsequent to June 30, 2005. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2018, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	30
	59

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Total OPEB Liability

The districts total OPEB liability of \$5,083,657 was measured as of June 30, 2018, and was determined by an actuarial valuation date as of July 1, 2016.

Actuarial Assumptions and Other Inputs

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

<u>Input</u>	<u>Assumption</u>
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.8% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Annual Premium Increase Rate	Between 5% and 6.5% annually
Mortality Rates	RP 2000 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

Changes in the Total OPEB Liability –

OPEB Liability at June 30, 2017	\$5,171,270
Changes for the year:	
Service cost	193,868
Interest	188,741
Benefit payments	<u>(470,222)</u>
 OPEB Liability at June 30, 2018	 <u>\$5,083,657</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

District's OPEB Asset/(Liability)	1% Decrease (2.75%)	Current Discount (3.75%)	1% Increase (4.75%)
Single Employer Defined Benefit Health Care Plan	\$ 5,386,123	\$ 5,083,657	\$ 4,799,144

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

District's OPEB Asset/(Liability)	1% Decrease 5.5% Graded Down to 4%	Current Trend Rate 6.5% Graded Down to 5% Trend Rates	1% Increase 7.5% Graded Down to 6%
Single Employer Defined Benefit Health Care Plan	\$ 4,732,926	\$ 5,083,657	\$ 5,481,594

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2018, the District recognized OPEB expense of \$382,609. At June 30, 2018, the District reported no deferred outflows or inflows associated with its OPEB plan.

Retirement Health Insurance Account (RHIA)

Plan Description – The District contributes to the PERS 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 PERS. Oregon Revised Statute (ORS) 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377, or by URL: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided – RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the District, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan has been closed to new entrants since January 1, 2004.

Contributions – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by PERS.

The District's contractually required contribution rate for the year ended June 30, 2018, was 0.49% of annual covered OPERF payroll and 0.10% of OPSRP payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Contributions to the OPEB plan from the District were \$88,386 for the year ended June 30, 2018.

OPEB Asset, Income, Deferred Outflows of Resources, and Deferred Inflows of Resources –

At June 30, 2018, the District reported an asset of \$76,148 for its proportionate share of the total RHIA asset. The asset was measured as of June 30, 2017, and the total pension asset used to calculate the asset was determined by an actuarial valuation as of December 31, 2015. The District's proportion of the RHIA asset was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was approximately 0.18246007 percent.

For the year ended June 30, 2018, the District recognized expense related to RHIA of \$409. Pension expense was generated during the measurement period as a result of less than anticipated investment returns and factors associated with the Moro Decision. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 9 – Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments:	\$ -	\$ 35,267
Change in proportionate share	-	837
District's contributions subsequent to the measurement date:	88,386	-
Total	\$ 88,386	\$ 36,104

\$88,386 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ended June 30	Deferred Outflow/Inflow of Resources (prior to post- measurement date)
2019	\$ (9,127)
2020	(9,127)
2021	(9,034)
2022	(8,816)
Thereafter	-
Total	\$ (36,104)

Actuarial Methods and Assumptions – The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 10* Pension and Retirement Plans (excluding the Actuarial Methods and Assumptions cost of living adjustment assumption, which has been removed, and a retiree healthcare participation assumption of 38% for healthy retirees and 20% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

Sensitivity of the Total RHIA Asset to Changes in the Discount Rate – The following presents the total RHIA asset of the District, as well as what the District's total RHIA asset would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

District's Net Pension Asset/Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Retirement Health Insurance Account	\$ 10,615	\$ 76,148	\$ (149,945)

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 10 – Pension and Retirement Plans

Early Retirement Stipend Pension Plan

Plan Description - The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible Licensed and Confidential staff of the District (not administered through a trust). The program covers Licensed employees with between 10 and 20 years of service, depending on time of service and step achieved on the salary schedule. Eligible Licensed staff were hired before June 30, 2005 and retired prior to July 1, 2012 and the age of 62. Eligible Confidential employees were hired prior to September 23, 1993 and retired between the ages of 55 and 62. Licensed retirees receive \$275 per month and Confidential retirees receive \$250 per month. For all participants, the stipend is paid to the until age 65, death, or upon written retiree request that payments cease, whichever comes first. For Licensed participants who retired between July 1, 1994 and June 20, 2005, stipends are paid for a maximum of 10 years.

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2018 was \$53,070. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	-
	13
	13

Total Stipend Pension Liability

The districts total stipend pension liability of \$73,697 was measured as of June 30, 2018, and was determined by an actuarial valuation date as of July 1, 2016.

Actuarial Assumptions and Other Inputs

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.8% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Annual Premium Increase Rate	Between 5% and 6.5% annually
Mortality Rates	RP 2000 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 10 – Pension and Retirement Plans (continued)

Changes in the Stipend Pension Liability –

Stipend Pension Liability at June 30, 2017	\$	115,684
Changes for the year:		
Service cost		505
Interest		3,486
Benefit payments		<u>(45,978)</u>
Stipend Pension Liability at June 30, 2018	\$	<u>73,697</u>

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

The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

District's Stipend Pension Asset/(Liability)	1% Decrease (2.75%)	Current Discount (3.75%)	1% Increase (4.75%)
Single Employer Defined Benefit Health Care Plan	\$ 75,331	\$ 73,697	\$ 72,110

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources –

For the year ended June 30, 2018, the District recognized stipend pension expense of \$3,991. At June 30, 2018, the District reported no deferred outflows or inflows associated with its stipend pension plan.

Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan

Plan Description -

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan (continued)

Plan Description – (continued)

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

Plan Benefits -

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 238 and 238A.

Tier One/Tier Two Retirement Benefit (Chapter 238)

Pension Benefits - The OPERS 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 (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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit result.

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. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan was 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 a OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in a OPERS-covered job, or
- Member was on an official leave of absence from a OPERS-covered job at the time of death.

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% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan (continued)

OPSRP Pension Program (Chapter 238A)

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

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

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 adjustment (COLA). The COLA is capped at 2.0%.

Contributions –

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The District's employer contributions for the year ended June 30, 2018 were \$4,306,257, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2018 for each pension program were: Tier1/Tier 2 – 27.20% and OPSRP general service – 21.87%.

Pension Plan Comprehensive Annual Financial Report (CAFR) –

Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial Valuation -

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan (continued)

Actuarial Valuation – (continued)

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

Actuarial Methods and Assumptions Used in Developing Total Pension Liability –

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the 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 methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate –

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

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan (continued)

Investment Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means; see PERS' audited financial statements at:

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -

At June 30, 2018, the District reported a net pension liability of \$34,783,818 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was approximately 0.258 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$6,207,014. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,682,160	\$ -
Changes of assumptions	6,340,470	-
Net difference between projected and actual earnings investments	358,355	-
Changes in proportionate share	-	3,155,129
Differences between employer contributions and employer's proportionate share of system contributions	1,457,313	-
Contributions subsequent to measurement date	4,306,257	-
Total	<u>\$ 14,144,555</u>	<u>\$ 3,155,129</u>

\$4,306,257 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2018.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ended June 30,	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2019	\$ 1,203,830
2020	4,006,773
2021	2,563,284
2022	(1,085,087)
2023	(5,631)
Thereafter	-
Total	\$ 6,683,169

Sensitivity for the District’s Proportionate Share of the Net Pension Liability to Changes in Discount Rate –

The following presents the District’s proportionate share of the net pension asset/(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:

District's Net Pension Asset/(Liability)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% increase (8.50%)
Defined Benefit Pension Plan	\$ 59,277,977	\$ 34,783,818	\$ 14,302,165

Defined Contribution Plan - Individual Account Program (IAP)

Pension Benefits. Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. 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.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 11 – Oregon Public Employees Retirement System (OPERS) Pension Plan (continued)

Defined Contribution Plan - Individual Account Program (IAP) (continued)

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

Contributions. During 2018, the District, as an employee benefit, paid the employees portion of the contribution. For 2018, the District paid \$1,140,733 for this contribution

Note 12 – Tax Abatements

As of June 30, 2018, Jackson County provides tax abatements through the Enterprise Zone.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. Prosper Portland, formerly known as the Portland Development Commission, is the local sponsor for the Portland Enterprise Zone program.

The Enterprise Zone program provides qualified firms that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2018, Jackson County abated property taxes totaling \$791 under this program.

Note 13 – Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial. The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

Note 14 – Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Jackson County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

EAGLE POINT SCHOOL DISTRICT NO. 9
Notes to Basic Financial Statements
June 30, 2018

Note 15 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year.

Note 16 – Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2018 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. Based on management's knowledge, there were no additional events and/or transactions that required recognition and disclosure in the financial statements, except

Changes in OPERS Pension Plan Provisions Subsequent to Measurement Date

As its July 28, 2017 meeting, the PERS Board lowered its effective "assumed rate" from 7.5% to 7.2% effective, January 1, 2018 for OPERS and effective July 1, 2018 for the District. The assumed rate is the rate of investment return (including inflation) that the PERS Fund's regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate "means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation."

The lowered rate is expected to increase the PERS net pension liability by an estimated \$2.0 to \$2.4 billion. Of this increase, the District's portion is estimated at \$5.2 to \$6.2 million.

REQUIRED SUPPLEMENTARY INFORMATION

**EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES				
Local sources:				
Property taxes	\$ 9,775,000	\$ 9,775,000	\$ 9,832,787	\$ 57,787
Charges for services	400,000	400,000	706,512	306,512
Donations	405,000	405,000	62,537	(342,463)
Interest on investments	90,000	90,000	181,324	91,324
Miscellaneous	315,000	315,000	77,542	(237,458)
Intermediate sources:				
Intergovernmental	925,000	925,000	989,049	64,049
State sources:				
Basic school support	27,675,000	27,675,000	29,177,704	1,502,704
Intergovernmental	531,000	531,000	451,933	(79,067)
Federal sources:				
Intergovernmental	15,000	15,000	53,264	38,264
TOTAL REVENUE	40,131,000	40,131,000	41,532,652	1,401,652
EXPENDITURES				
Current:				
Instruction	25,390,587	25,390,587	23,365,377	2,025,210
Support services	16,022,899	16,022,899	15,954,314	68,585
Debt service	492,514	492,514	492,513	1
Contingency	1,500,000	1,500,000	-	1,500,000
TOTAL EXPENDITURES	43,406,000	43,406,000	39,812,204	3,593,796
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,275,000)	(3,275,000)	1,720,448	4,995,448
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of assets	-	-	2,500	2,500
Transfers out	(25,000)	(25,000)	(17,847)	7,153
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	(25,000)	(15,347)	9,653
NET CHANGE IN FUND BALANCE	(3,300,000)	(3,300,000)	1,705,101	5,005,101
FUND BALANCE, July 1, 2017	4,300,000	4,300,000	4,827,895	527,895
FUND BALANCE, June 30, 2018	\$ 1,000,000	\$ 1,000,000	\$ 6,532,996	\$ 5,532,996

**EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
REVENUES				
Local sources:				
Charges for services	\$ -	\$ -	\$ 201,829	\$ 201,829
Donations	-	-	59,139	59,139
Interest on investments	-	-	216	216
Miscellaneous	765,000	765,000	262,893	(502,107)
Intermediate sources:				
Intergovernmental	50,000	50,000	1,375	(48,625)
State sources:				
Basic school support	-	-	4,803	4,803
Intergovernmental	-	-	752,958	752,958
Miscellaneous	1,280,000	1,280,000	-	(1,280,000)
Federal sources:				
Intergovernmental	5,120,000	5,120,000	3,969,214	(1,150,786)
TOTAL REVENUE	7,215,000	7,215,000	5,252,427	(1,962,573)
EXPENDITURES				
Current				
Instruction	2,099,996	2,099,996	745,090	1,354,906
Support services	2,850,000	2,850,000	2,421,569	428,431
Enterprise and community services	2,265,004	2,265,004	1,902,993	362,011
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	7,265,000	7,265,000	5,069,652	2,195,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,000)	(50,000)	182,775	232,775
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	25,000	17,847	(7,153)
TOTAL OTHER FINANCING SOURCES (USES)	25,000	25,000	17,847	(7,153)
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	200,622	225,622
FUND BALANCE, July 1, 2017	575,000	575,000	611,957	36,957
FUND BALANCE, June 30, 2018	\$ 550,000	\$ 550,000	\$ 812,579	\$ 262,579

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Eagle Point School District 9 Proportionate Share of Net Pension Asset / (Liability)

	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.2580395%	0.2826304%	0.3146406%	0.3324839%	0.3324839%
District's proportion of the net pension asset/(liability)	\$(34,783,818)	\$(42,429,378)	\$(18,064,970)	\$ 7,536,461	\$(16,967,140)
District's covered-employee payroll	\$ 20,519,742	\$ 20,117,641	\$ 17,873,382	\$ 17,165,276	\$ 16,260,148
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-169.51%	-210.91%	-101.07%	43.91%	-104.35%
Plan fiduciary net position as a percentage of the total pension liability	83.12%	80.52%	91.88%	103.59%	91.97%

Eagle Point School District 9 Pension Contributions

	2018	2018	2016	2015	2014
Contractually required contributions	\$ 4,306,257	\$ 3,617,164	\$ 3,517,641	\$ 3,550,062	\$ 3,330,146
Contribution in relation to the contractually required	\$ (4,306,257)	\$ (3,617,164)	\$ (3,517,641)	\$ (3,550,062)	\$ (3,330,146)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 20,519,742	\$ 20,117,641	\$ 17,873,382	\$ 17,165,276	\$ 16,260,148
Contributions as a percentage of covered-employee payroll	20.99%	17.98%	19.68%	20.68%	20.48%

Note to schedule:

A summary of assumption changes implemented since the December 31, 2014 valuation are outlined briefly below. A comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the system, which was published on September 23, 2015, and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Changes in Actuarial Method and Allocation Procedures:

General Service member weighting changed from 30% to 25% of proportional liability.

Changes in Economic Assumptions:

Inflation was lowered to 2.5%, and payroll growth was reduced from 3.75% to 3.5%. Investment return and interest crediting was reduced from 7.75% to 7.5%. With the implementation of GASB No. 67 and 68 this necessitated an explicit Tier 1/Tier 2 administrative expense assumption of \$33 million per year for December 31, 2014 and December 31, 2015. Health care cost inflation and implementation of the excise tax in 2018 was considered. Disability mortality tables were updated using the RP2000 generational tables, whereas RP2000 static tables were previously used. Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:

Unused sick leave and vacation pay rates were adjusted. Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2014, as a result, only five years of information is presented.

**JACKSON COUNTY SCHOOL DISTRICT NO. 9
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (RHIA)
 ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
 LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

Eagle Point School District Proportionate Share of Net OPEB (Liability) / Asset

	<u>2018</u>
District's proportion of the net OPEB RHIA asset/(liability)	0.18246007%
District's proportion of the net OPEB RHIA asset/(liability)	\$ 76,148
District's covered-employee payroll	\$ 20,519,742
District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll	0.37%
Plan fiduciary net position as a percentage of the total pension liability	108.88%

Eagle Point School District Contributions

	<u>2018</u>
Contractually required contributions	\$ 88,386
Contribution in relation to the contractually required	\$ (88,386)
Contributions deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	\$ 20,519,742
Contributions as a percentage of covered-employee payroll	0.43%

Note to schedule:

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 for RHIA during fiscal 2018, as a result, only one year of information is presented.

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF CHANGE IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2018

Total Pension Liability (Stipend):	2018	2017
Service cost	\$ 505	\$ 505
Interest	3,486	5,131
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions of other inputs	-	-
Benefit payments	(45,978)	(53,070)
Net change in total pension liability (stipend)	(41,987)	(47,434)
Total Pension Liability (Stipend) - beginning	\$ 115,684	\$ 163,118
Total Pension liability (Stipend) - ending	\$ 73,697	\$ 115,684
Estimated Covered - employee payroll	\$ 168,679	\$ 164,565
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	43.69%	70.30%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 11 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only two years of information is presented.

EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018

Total OPEB Liability:	2018	2017
Service cost	\$ 193,868	\$ 193,868
Interest	188,741	191,985
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions of other inputs	-	-
Benefit payments	(470,222)	(474,481)
Net change in total OPEB liability	(87,613)	(88,628)
Total OPEB liability - beginning	\$ 5,171,270	\$ 5,259,898
Total OPEB liability - ending	\$ 5,083,657	\$ 5,171,270
Estimated Covered - employee payroll	\$ 19,335,804	\$ 18,864,199
Total OPEB liability as a percentage of estimated covered - employee payroll	26.29%	27.41%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 10 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only two years of information is presented.

OTHER SUPPLEMENTARY INFORMATION

**EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources:				
Property taxes	\$ 3,390,000	\$ 3,390,000	\$ 3,464,803	\$ 74,803
Interest on investments	15,000	15,000	33,332	18,332
TOTAL REVENUES	<u>3,405,000</u>	<u>3,405,000</u>	<u>3,498,135</u>	<u>93,135</u>
EXPENDITURES				
Debt service	<u>3,429,763</u>	<u>3,429,763</u>	<u>3,429,763</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,763)	(24,763)	68,372	93,135
FUND BALANCE, July 1, 2017	<u>449,000</u>	<u>449,000</u>	<u>464,328</u>	<u>15,328</u>
FUND BALANCE, June 30, 2018	<u>\$ 424,237</u>	<u>\$ 424,237</u>	<u>\$ 532,700</u>	<u>\$ 108,463</u>

FIDUCIARY EXPENDABLE TRUST FUND

Expendable Trust Funds - These funds account for resources received and held by the District in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or conditions of the trust for the particular fund.

This fund consists of the Student Scholarship Expendable Fund.

**EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources:				
Donations	\$ 200,000	\$ 200,000	\$ 51,000	\$ (149,000)
TOTAL REVENUES	<u>200,000</u>	<u>200,000</u>	<u>51,000</u>	<u>(149,000)</u>
EXPENDITURES				
Current:				
Enterprise and community services	<u>300,000</u>	<u>300,000</u>	<u>81,554</u>	<u>218,446</u>
TOTAL EXPENDITURES	<u>300,000</u>	<u>300,000</u>	<u>81,554</u>	<u>218,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,000)	(100,000)	(30,554)	69,446
FUND BALANCE, July 1, 2017	<u>100,000</u>	<u>100,000</u>	<u>124,071</u>	<u>24,071</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,517</u>	<u>\$ 93,517</u>

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**2017 - 18 DISTRICT AUDIT REVENUE SUMMARY
EAGLE POINT SCHOOL DISTRICT 9**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes Levied by District	\$9,832,787		\$3,464,803				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes	\$2,439		\$854				
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State	\$53,441						
1413 Transportation Fees - Other Districts Outside							
1414 Transportation Fees - Foster Children							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$178,885	\$216	\$32,478				
1600 Food Service		\$194,507					
1700 Extracurricular Activities	\$500,346						
1800 Community Services Activities							
1910 Rentals	\$18,735						
1920 Contributions and Donations From Private Sources	\$62,537	\$59,139					\$51,000
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies	\$38,135	\$7,322					
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$701	\$3,375					
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$95,855						
1990 Miscellaneous	\$76,841	\$259,518					
Total Revenue from Local Sources	\$10,860,702	\$524,077	\$3,498,135	\$0	\$0	\$0	\$51,000
Revenue from Intermediate Sources							
2101 County School Funds							
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources	\$989,049	\$1,375					
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$989,049	\$1,375	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources							
3101 State School Fund - General Support	\$29,086,119						
3102 State School Fund - School Lunch Match		\$4,803					
3103 Common School Fund	\$394,214						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$13,649						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment	\$91,585						
3299 Other Restricted Grants-in-Aid	\$44,070	\$752,958					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$29,629,637	\$757,761	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State	\$855	\$3,834,102					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$52,409						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$135,112					
Total Revenue from Federal Sources	\$53,264	\$3,969,214	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources							
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers		\$17,847					
5300 Sale of or Compensation for Loss of Fixed Assets	\$2,500						
5400 Resources - Beginning Fund Balance	\$4,827,895	\$611,957	\$464,328				\$124,071
Total Revenue from Other Sources	\$4,830,395	\$629,804	\$464,328	\$0	\$0	\$0	\$124,071
Grand Totals	\$46,363,047	\$5,882,231	\$3,962,463	\$0	\$0	\$0	\$175,071

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY
EAGLE POINT SCHOOL DISTRICT 9**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$7,933,110	\$4,680,654	\$2,818,244	\$196,418	\$237,794			
1113 Elementary Extracurricular	\$6,912			\$1,615	\$5,297			
1121 Middle/Junior High Programs	\$3,444,913	\$2,077,603	\$1,097,301	\$98,444	\$171,376		\$189	
1122 Middle/Junior High School Extracurricular	\$163,957	\$78,806	\$20,860	\$24,529	\$20,323	\$18,114	\$1,325	
1131 High School Programs	\$4,231,509	\$2,479,437	\$1,387,499	\$136,296	\$228,019		\$258	
1132 High School Extracurricular	\$779,469	\$262,192	\$73,759	\$216,505	\$183,234	\$36,227	\$7,552	
1140 Pre-Kindergarten Programs	\$152,811	\$92,739	\$56,306	\$2,744	\$1,022			
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$647,788	\$408,744	\$211,273	\$20,078	\$7,693			
1250 Less Restrictive Programs for Students with Disabilities	\$2,974,858	\$1,786,683	\$1,135,968	\$46,690	\$5,517			
1260 Treatment and Habilitation	\$108,429			\$108,429				
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$2,150,082	\$161,404	\$75,629	\$1,876,202	\$36,847			
1291 English Language Learner - Within ELL Programs	\$684,497	\$427,283	\$229,447	\$25,947	\$1,820			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1295 English Language Learner - Not Within ELL Programs	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$87,042	\$57,825	\$21,379	-\$282	\$8,120			
Total Instruction Expenditures	\$23,365,377	\$12,513,370	\$7,127,665	\$2,753,615	\$907,062	\$54,341	\$9,324	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$774,910	\$383,080	\$242,008	\$125,081	\$24,741			
2120 Guidance Services	\$224,808	\$138,259	\$78,803	\$174	\$7,572			
2130 Health Services	\$73,065			\$66,326	\$6,739			
2140 Psychological Services	\$335,693	\$137,988	\$77,442	\$116,135	\$3,978		\$150	
2150 Speech Pathology and Audiology Services	\$145,348	\$59,786	\$33,910	\$48,584	\$3,068			
2160 Other Student Treatment Services	\$76,322	\$59,019	\$12,921	\$1,587	\$2,390		\$405	
2190 Service Direction, Student Support Services	\$255,264	\$163,536	\$73,663	\$15,116	\$2,354		\$595	
2210 Improvement of Instruction Services	\$348,452	\$202,513	\$113,970	\$22,580	\$8,521		\$868	
2220 Educational Media Services	\$518,681	\$265,457	\$211,396	\$3,658	\$38,170			
2230 Assessment & Testing	\$55,765			\$322	\$55,443			
2240 Instructional Staff Development	\$383,176	\$183,365	\$93,491	\$103,414	\$2,906			
2310 Board of Education Services	\$128,494			\$115,297	\$6,437		\$6,760	
2320 Executive Administration Services	\$366,989	\$220,847	\$128,838	\$6,952	\$8,516		\$1,836	
2410 Office of the Principal Services	\$3,023,402	\$1,856,886	\$1,073,027	\$21,068	\$71,322		\$1,099	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$669,577	\$350,882	\$239,599	\$30,594	\$24,634		\$23,868	
2540 Operation and Maintenance of Plant Services	\$4,121,033	\$1,182,956	\$714,065	\$1,314,705	\$339,737	\$266,459	\$303,111	
2550 Student Transportation Services	\$2,427,870	\$798,886	\$473,315	\$100,598	\$241,906	\$618,192	\$194,973	
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$15,946	\$4,542	\$1,657	\$9,747				
2640 Staff Services	\$437,689	\$219,193	\$118,251	\$87,755	\$11,648		\$842	
2660 Technology Services	\$1,234,895	\$435,054	\$217,225	\$279,990	\$302,326		\$300	
2670 Records Management Services	\$0							
2680 Interpretation and Translation Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$336,935	\$45,625	\$291,310					
Total Support Services Expenditures	\$15,954,314	\$6,707,874	\$4,194,891	\$2,469,683	\$1,162,408	\$884,651	\$534,807	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$492,513						\$492,513	
5200 Transfers of Funds	\$17,847							\$17,847
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$510,360	\$0	\$0	\$0	\$0	\$0	\$492,513	\$17,847
Grand Total	\$39,830,051	\$19,221,244	\$11,322,556	\$5,223,298	\$2,069,470	\$938,992	\$1,036,644	\$17,847

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY
EAGLE POINT SCHOOL DISTRICT 9**

Fund: 200 Special Revenue Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$33,042	\$1,100	\$407	\$28,215	\$3,320			
1113 Elementary Extracurricular	\$724			\$724				
1121 Middle/Junior High Programs	\$14,012				\$14,012			
1122 Middle/Junior High School Extracurricular	\$558			\$493	\$65			
1131 High School Programs	\$52,409				\$52,403		\$6	
1132 High School Extracurricular	\$542			\$542				
1140 Pre-Kindergarten Programs	\$4,497	\$2,788	\$1,003		\$706			
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$416			\$416				
1250 Less Restrictive Programs for Students with Disabilities	\$75,335	\$47,254	\$27,552	\$529				
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$439,692	\$215,392	\$99,544	-\$477	\$125,233			
1280 Alternative Education	\$0							
1291 English Language Learner - Within ELL Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$14,250	\$9,758	\$3,416	\$870	\$206			
1294 Youth Corrections Education	\$0							
1295 English Language Learner - Not Within ELL Programs	\$0							
1299 Other Programs	\$75,934			\$72,262			\$3,672	
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$33,679	\$18,651	\$6,839	\$5,516	\$2,673			
Total Instruction Expenditures	\$745,090	\$294,943	\$138,761	\$109,090	\$198,618	\$0	\$3,678	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$150,092	\$86,218	\$29,542	\$17,400	\$10,194		\$6,738	
2120 Guidance Services	\$170				\$170			
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$565,311	\$363,464	\$201,847					
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$258,487	\$131,586	\$29,977	\$11,619	\$2,250		\$83,055	
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$1,310,788	\$495,304	\$257,955	\$502,607	\$54,812		\$110	
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$317				\$317			
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$10						\$10	
2540 Operation and Maintenance of Plant Services	\$47,926			\$7,365		\$40,561		
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$9,342			\$9,342				
2660 Technology Services	\$79,126				\$79,126			
2670 Records Management Services	\$0							
2680 Interpretation and Translation Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$2,421,569	\$1,076,572	\$519,321	\$548,333	\$146,869	\$40,561	\$89,913	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$1,882,177	\$6,639	\$2,483	\$1,614,342	\$215,228	\$29,955	\$13,530	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$20,816	\$2,001	\$712	\$5,605	\$12,498			
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$1,902,993	\$8,640	\$3,195	\$1,619,947	\$227,726	\$29,955	\$13,530	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$5,069,652	\$1,380,155	\$661,277	\$2,277,370	\$573,213	\$70,516	\$107,121	\$0

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY
EAGLE POINT SCHOOL DISTRICT 9**

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Language Learner - Within ELL Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1295 English Language Learner - Not Within ELL Programs	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2680 Interpretation and Translation Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$3,429,763						\$3,429,763	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$3,429,763	\$0	\$0	\$0	\$0	\$0	\$3,429,763	\$0
Grand Total	\$3,429,763	\$0	\$0	\$0	\$0	\$0	\$3,429,763	\$0

**2017 - 18 DISTRICT AUDIT EXPENDITURE SUMMARY
EAGLE POINT SCHOOL DISTRICT 9**

Fund: 700 Trust and Agency Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0								
1113 Elementary Extracurricular	\$0								
1121 Middle/Junior High Programs	\$0								
1122 Middle/Junior High School Extracurricular	\$0								
1131 High School Programs	\$0								
1132 High School Extracurricular	\$0								
1140 Pre-Kindergarten Programs	\$0								
1210 Programs for the Talented and Gifted	\$0								
1220 Restrictive Programs for Students with Disabilities	\$0								
1250 Less Restrictive Programs for Students with Disabilities	\$0								
1260 Treatment and Habilitation	\$0								
1271 Remediation	\$0								
1272 Title I	\$0								
1280 Alternative Education	\$0								
1291 English Language Learner - Within ELL Programs	\$0								
1292 Teen Parent Program	\$0								
1293 Migrant Education	\$0								
1294 Youth Corrections Education	\$0								
1295 English Language Learner - Not Within ELL Programs	\$0								
1299 Other Programs	\$0								
1300 Adult/Continuing Education Programs	\$0								
1400 Summer School Programs	\$0								
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0								
2120 Guidance Services	\$0								
2130 Health Services	\$0								
2140 Psychological Services	\$0								
2150 Speech Pathology and Audiology Services	\$0								
2160 Other Student Treatment Services	\$0								
2190 Service Direction, Student Support Services	\$0								
2210 Improvement of Instruction Services	\$0								
2220 Educational Media Services	\$0								
2230 Assessment & Testing	\$0								
2240 Instructional Staff Development	\$0								
2310 Board of Education Services	\$0								
2320 Executive Administration Services	\$0								
2410 Office of the Principal Services	\$0								
2490 Other Support Services - School Administration	\$0								
2510 Direction of Business Support Services	\$0								
2520 Fiscal Services	\$0								
2540 Operation and Maintenance of Plant Services	\$0								
2550 Student Transportation Services	\$0								
2570 Internal Services	\$0								
2610 Direction of Central Support Services	\$0								
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0								
2630 Information Services	\$0								
2640 Staff Services	\$0								
2660 Technology Services	\$0								
2670 Records Management Services	\$0								
2680 Interpretation and Translation Services	\$0								
2690 Other Support Services - Central	\$0								
2700 Supplemental Retirement Program	\$0								
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0								
3200 Other Enterprise Services	\$0								
3300 Community Services	\$81,554			\$81,554					
3500 Custody and Care of Children Services	\$0								
Total Enterprise and Community Services Expenditures	\$81,554	\$0	\$0	\$81,554	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0								
4120 Site Acquisition and Development Services	\$0								
4150 Building Acquisition, Construction, and Improvement Services	\$0								
4180 Other Capital Items	\$0								
4190 Other Facilities Construction Services	\$0								
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0								
5200 Transfers of Funds	\$0								
5300 Apportionment of Funds by ESD	\$0								
5400 PERS UAL Bond Lump Sum	\$0								
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$81,554	\$0	\$0	\$81,554	\$0	\$0	\$0	\$0	\$0

SUPPLEMENTAL INFORMATION, 2017-2018

School District Business Managers and Auditors:

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

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

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

	Objects 325 & 326 & *327
Function 2540	\$ 799,882
Function 2550	\$ 7,987

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
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

\$ 0

**Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.*

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Eagle Point School District No. 9
Eagle Point, Oregon

We have audited the basic financial statements Eagle Point School District No. 9 (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 18, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

Compliance

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment under ORS 328.245.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State School Fund Distribution Factors.

In connection with our audit, 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 Administration Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

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

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

Stewart C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 18, 2018

**Items Required by the Single Audit Act
Amendments of 1996 for Federal Award Programs**

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

Board of Directors
Eagle Point School District No. 9
Eagle Point, 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, each major fund and the aggregate remaining fund information of Eagle Point School District No. 9 (the District) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stewart C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 18, 2018

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

Board of Directors
Eagle Point School District No. 9
Eagle Point, Oregon

Report on Compliance for Each Major Federal Program

We have audited Eagle Point School District No. 9's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The 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 the requirements of laws, regulations, contracts, and federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 a 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.

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.



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 18, 2018

**EAGLE POINT SCHOOL DISTRICT NO. 9
 JACKSON COUNTY, OREGON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2018**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Education			
Direct Award U.S. Department of Education			
Indian Education Grants to Local Educational Agencies			
Title VII Indian Education	84.060	S060A172441	\$ 75,934
Total CFDA 84.060			<u>75,934</u>
Passed through Oregon Department of Education:			
TITLE I - Grants to Local Education Agencies			
Title I-A	84.010	41047	483,668
Title I-A	84.010	45583	759,435
School Improvement	84.010	41822	224
Total CFDA 84.010			<u>1,243,327</u>
Special Education Cluster (IDEA)			
IDEA 611	84.027	41498	141,755
IDEA 611	84.027	45167	492,692
IDEA Enhancement	84.027	42634	5,305
Extended Assessment	84.027	45037	549
SPR&I	84.027	44374	3,874
IDEA 619	84.173	45375	5,670
Total Special Education Cluster (IDEA)			<u>649,845</u>
TITLE IIA - Improving Teacher Quality State Grants			
Title II-A	84.367	41302	118,067
Title II-A	84.367	45798	111,596
Total CFDA 84.367			<u>229,663</u>
Special Education State Personnel Development Grant			
Effective Behavioral and Instructional Support Systems (EBISS)	84.323	47586	2,321
Total CFDA 84.323			<u>2,321</u>
Student Support and Academic Enrichment Program			
Title IV	84.424	47711	18,265
Total CFDA 84.424			<u>18,265</u>
English Language Acquisition State Grants			
Title III	84.365	41754	14,668
Title III	84.365	44210	2,317
			16,985
Passed through Southern Oregon ESD:			
English Language Acquisition State Grants			
Title I-C Migrant Education	84.365	N/A	56,868
Total CFDA 84.365			<u>73,853</u>
Total U.S. Department of Education			\$ 2,293,208
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
Child Nutrition Cluster			
National School Breakfast	10.553	N/A	\$ 307,884
National School Lunch	10.555	N/A	1,055,622
Commodities	10.555	N/A	133,638
Commodities	10.559	N/A	1,474
Summer Food Program	10.559	N/A	33,018
Total Child Nutrition Cluster			<u>1,531,636</u>
Child and Adult Care Food Program	10.558	N/A	72,510
Total CFDA 10.558			<u>72,510</u>
State Administrative Expenses for Child Nutrition	10.560	N/A	3,316
Total CFDA 10.560			<u>3,316</u>
Fresh Fruit and Vegetable Program	10.582	N/A	69,399
Total CFDA 10.582			<u>69,399</u>
Passed through Southern Oregon Education Service District:			
Schools and Roads - Grants to States	10.665	N/A	52,409
Total CFDA 10.665			<u>52,409</u>
Total U.S. Department of Agriculture			\$ 1,729,270
Total Expenditures of Federal Awards			\$ 4,022,478

EAGLE POINT SCHOOL DISTRICT NO. 9
JACKSON COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2018

NOTE A:

The schedule of expenditures of federal awards includes the federal grant activity of the Jackson County School District No.9 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE B:

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/or Circular 87, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2018, the District received food commodities totaling \$135,112.

NOTE D:

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

**EAGLE POINT SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of Eagle Point School District No. 9.
2. No significant deficiencies or material weakness in internal controls were disclosed by the audit of the basic Financial Statements of Eagle Point School District No. 9.
3. No instances of noncompliance material to the financial statements of Eagle Point School District No. 9, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit.
5. The auditor’s report on compliance for the major federal award programs for Eagle Point School District No. 9, expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major program include:
 - US Department of Agriculture
 - Child Nutrition Cluster CFDA # 10.553, 10.555, 10.556 & 10.559
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. Eagle Point School District No. 9 qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None