



SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2020



**SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon**

DISTRICT OFFICIALS

June 30, 2020

BOARD OF DIRECTORS

Position 1, Term expires 2023
Tammy Hodgkinson

Position 2, Term expires 2021
Taylor Wilhour

Position 3, Term expires 2023
Dustin Bengtson

Position 4, Term expires 2021
Sherry Duerst-Higgins

Position 5, Term expires 2021
Alan Baas

Position 6, Term expires 2023
Jerry Settlemeyer

Position 7, Term expires 2023
Gary Mort

All board members received mail at the District office:
455 Adams Avenue
Cottage Grove, Oregon 97424

ADMINISTRATION

Yvonne Curtis, Superintendent

Allison Bryson, Director of Finance & Operations

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Lane School District No. 45J3
Cottage Grove, Oregon 97424

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of South Lane School District No. 45J3, Cottage Grove, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200; *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, 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 remaining fund information of South Lane School District No. 45J3, Cottage Grove, Oregon as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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, schedules of proportionate share and employer contributions, and OPEB liability changes, and budgetary comparison information on pages 4 through 11, 61 through 66, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress and employer contributions 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 management's discussion and analysis or schedules of funding progress and employer contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison 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 budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Lane School District No. 45J3's basic financial statements.

The individual fund schedules, other financial schedules, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (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 individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental information required by the Oregon Department of Education has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

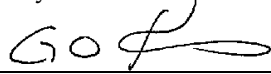
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 30, 2020 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon
November 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of South Lane School District No. 45J3, Cottage Grove, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2020, total net position of South Lane School District No. 45J3 amounted to \$(5,547,435). Of this amount, \$56,499,286 was invested in capital assets, net of related debt. The remaining balance included \$5,097,942 restricted for various purposes and \$(67,144,663) of unrestricted net position.
- At June 30, 2020, the District's governmental funds reported combined ending fund balances of \$8,065,303.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to South Lane School District No. 45J3's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all the District's assets and liabilities with the difference between the two reported as net position. 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.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. 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).

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of South Lane School District No. 45J3 can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, Special Projects, Capital Projects, and Debt Service Funds, all of which are considered to be major governmental funds.

South Lane School District No. 45J3 adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its PERS bond income and expenses. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

□ **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements 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 governmental funds.

South Lane School District No. 45J3 adopts an annual appropriated budget for its fiduciary fund. A budgetary comparison statement has been provided for the fund to demonstrate compliance with its budget.

The basic fiduciary fund financial statements can be found on page 22 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements 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 basic financial statements can be found on pages 23 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes schedules of funding progress and employer contributions, as well as budgetary comparison information for the General, Special Revenue, and Special Projects Funds. This required supplementary information can be found on pages 61 through 66 of this report. Individual fund schedules can be found immediately following the required supplementary information on pages 67 through 70 of this report.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2020, the District's liabilities exceeded its assets by \$5,547,435.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in 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, since the capital assets themselves cannot be used to liquidate these liabilities.

District's Net Position

The District's net position decreased by \$442,370 during the current fiscal year. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 6,491,673	\$ 7,638,306
Restricted assets	5,030,569	8,092,792
Capital assets, net of accumulated depreciation	<u>69,360,602</u>	<u>65,383,219</u>
Total assets	<u>80,882,844</u>	<u>81,114,317</u>
Deferred outflows of resources	<u>6,239,917</u>	<u>8,159,475</u>
Liabilities		
Current liabilities	5,555,899	6,238,205
Noncurrent liabilities	<u>82,578,818</u>	<u>85,435,708</u>
Total liabilities	<u>88,134,717</u>	<u>91,673,913</u>
Deferred inflows of resources	<u>4,535,479</u>	<u>2,704,944</u>
Net position		
Net investment in capital assets	56,499,286	51,203,004
Restricted for various purposes	5,097,942	6,920,969
Unrestricted	<u>(67,144,663)</u>	<u>(63,229,038)</u>
Total net position	<u>\$ (5,547,435)</u>	<u>\$ (5,105,065)</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Changes in Net Position

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Program revenues		
Charges for services	\$ 878,606	\$ 2,002,108
Operating grants and contributions	7,612,858	9,329,372
Capital grants and contributions	157,926	-
Total program revenues	<u>8,649,390</u>	<u>11,331,480</u>
General revenues		
Taxes	9,773,425	8,990,673
State school fund - general support	22,916,154	21,593,010
Common school fund	304,681	308,951
Unrestricted state and local revenue	103,096	196,483
Investment earnings	300,280	450,583
Gain on sale of assets	74,224	-
Miscellaneous	472,944	643,514
Total general revenues	<u>33,944,804</u>	<u>32,183,214</u>
Total revenues	<u>42,594,194</u>	<u>43,514,694</u>
Program expenses		
Instruction	22,863,322	22,637,308
Support services	14,728,668	13,779,596
Enterprise and community services	1,786,276	1,945,206
Facilities acquisition and construction	415,340	-
Unallocated depreciation expense	1,827,175	1,142,052
Interest on long-term debt	1,415,783	1,392,815
Total program expenses	<u>43,036,564</u>	<u>40,896,977</u>
Change in net position	(442,370)	2,617,717
Net position - beginning of year	<u>(5,105,065)</u>	<u>(7,722,782)</u>
Net position - end of year	<u>\$ (5,547,435)</u>	<u>\$ (5,105,065)</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 80% of the funding required for governmental programs. Property taxes and state school funding combined for 96% of general revenues and 77% of total revenues.

Charges for services make up 2% of total revenues and are comprised of the following items for which it is appropriate that the District charge tuition or fees:

• Food services charges for lunch and breakfast	\$ 190,292
• Facility rentals	50,002
• Various student extracurricular activities	<u>638,312</u>
Total charges for services	<u>\$ 878,606</u>

Operating grants and contributions represent 18% of total revenues. Included in this category are \$7,612,858 for grants and contributions to support various educational activities, including grants to support school nutrition programs.

Expenses

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 53% of the total expenses of \$43,036,564. In addition, approximately 34% of the costs in supporting services relate to students, instructional staff, and school administration.

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 near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$8,065,303. Of this amount, \$2,777,571 constitutes unassigned fund balance, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$2,989,952, of which \$2,859,603 was unassigned.

Proprietary Fund

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary fund at year-end amounted to (\$12,820,624).

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts, one supplemental budget, and three approved appropriation changes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2020 amounted to \$69,360,602, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and equipment and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$1,824,175. Major capital asset events during the current fiscal year included bond projects.

Additional information on the District's capital assets can be found on pages 34 through 35 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of \$66,572,977. This amount is comprised of general obligation bonds, qualified school construction bonds, pension bonds, capital lease obligations, and related issuance premiums and discounts. The District's total debt outstanding decreased by \$1,358,684 during the current fiscal year.

Additional information on the District's long-term debt can be found on pages 36 through 39 of this report.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited the District was aware of the following challenges and opportunities to providing quality instruction and educational programs to all students:

- Despite these disruptive transitions of COVID-19 and a new interim superintendent, effective and efficient decisions made by all district leaders resulted in SLSD contributing a healthy \$2.5 million, (8%) projected ending fund balance to the 2020-2021 Proposed Budget. This is a \$1.5 million increase over what was budgeted as the ending fund balance/operating contingency for 2019-20. This budget is for the second year of the fiscal biennium (2019-21) and is still based on a statewide State School Fund (SSF) appropriation of \$9.0 billion given the SSF estimate provided in February. Additionally, this budget includes the anticipated SSA, Student Investment Account (SIA) of \$2.4 million and the allocation provided by the High School Success Act, originally projected as \$700,000 but budgeted at a reduced level of \$350,000. The budget also includes a projected \$542,000 allocation through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- We propose this budget at the \$9.0 billion level to provide SLSD with the spending authority to expend dollars to support our plans. However, we realize that due to the massive job losses during the COVID-19 pandemic, state revenues are predicted to fall drastically. Therefore, we do not plan to spend at the \$9.0 billion level.
- Though we remain hopeful, District leadership will immediately begin developing plans for incremental reductions to our spending. At this time, we are only making purchases needed to provide required services. We have also "paused" our hiring processes until we are provided a new SSF estimate on May 20. Additionally, we are already meeting with our associations to begin discussing a collaborative strategy for making incremental reductions if necessary.
- The District's general fund expenditures are heavily weighted toward staffing. Nearly 80% of the fund's budget is dedicated to personnel. The proposed budget has a full school calendar for students and staff but will be subject to the limitations provided by reduced SSF revenues.

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 Office at 455 Adams, Cottage Grove, OR 97424.

BASIC FINANCIAL STATEMENTS

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,344,135
Accounts receivable	1,307,524
Prepays	191,769
Inventory	39,519
Property taxes receivable	297,882
Total current assets	6,180,829
Restricted assets	
Cash and investments	4,274,921
Cash with bond agent	666,670
Property taxes receivable	88,978
Total restricted assets	5,030,569
OPEB RHIA benefit	310,844
Capital assets not being depreciated	993,054
Capital assets, net of accumulated depreciation	68,367,548
Total assets	80,882,844
DEFERRED OUTFLOWS OF RESOURCES	6,239,917
LIABILITIES	
Current liabilities	
Accounts payable	245,122
Payroll liabilities	1,735,465
Accrued interest	57,312
Compensated absences	189,447
Long-term liabilities, current portion	3,328,553
Total current liabilities	5,555,899
Noncurrent liabilities	
Net pension liability - PERS	18,446,299
OPEB medical benefit liability	888,095
Long-term liabilities, less current portion	63,244,424
Total long-term liabilities	82,578,818
Total liabilities	88,134,717

(Continued)

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF NET POSITION

June 30, 2020

(Continued)

	<u>Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 4,535,479</u>
NET POSITION	
Net investment in capital assets	56,499,286
Restricted for:	
Student activities	409,082
Debt service	905,233
Bond projects	2,297,980
Grant programs	1,365,192
Facility upgrades and additions	120,455
Unrestricted	<u>(67,144,663)</u>
Total net position	<u>\$ (5,547,435)</u>

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary government					
Governmental activities					
Instruction	\$ 22,863,322	\$ 638,312	\$ 3,706,805	\$ -	\$ (18,518,205)
Support services	14,728,668	-	3,906,053	-	(10,822,615)
Enterprise and community services	1,786,276	190,292	-	-	(1,595,984)
Facilities Acquisition and construction	415,340	50,002	-	157,926	(207,412)
Unallocated depreciation expense	1,827,175	-	-	-	(1,827,175)
Interest on long-term debt	1,415,783	-	-	-	(1,415,783)
Total governmental activities	\$ 43,036,564	\$ 878,606	\$ 7,612,858	\$ 157,926	(34,387,174)
General revenues					
Property taxes levied for general purposes					7,460,521
Property taxes levied for debt service					2,208,024
Construction excise taxes					104,880
State school fund - general support					22,916,154
Common school fund					304,681
Unrestricted state and local revenue					103,096
Investment earnings					300,280
Gain on sale of assets					74,224
Miscellaneous					472,944
Total general revenues					33,944,804
Change in net position					(442,370)
Net position - beginning					(5,105,065)
Net position - ending					\$ (5,547,435)

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Special Revenue Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and investments	\$ 4,627,060	\$ -	\$ 1,817,714	\$ 233,375	\$ 2,271,050	\$ 8,949,199
Accounts receivable	130,405	494,326	512,882	-	169,911	1,307,524
Prepays	130,349	-	61,420	-	-	191,769
Property taxes receivable	297,882	-	-	88,978	-	386,860
Supply inventory	-	-	39,519	-	-	39,519
Total assets	<u>\$ 5,185,696</u>	<u>\$ 494,326</u>	<u>\$ 2,431,535</u>	<u>\$ 322,353</u>	<u>\$ 2,440,961</u>	<u>\$ 10,874,871</u>
LIABILITIES						
Accounts payable	\$ 179,767	\$ 2,429	\$ 12,541	\$ 1	\$ 50,384	\$ 245,122
Accrued liabilities	1,735,465	-	4,419	-	-	1,739,884
Book overdraft	-	452,331	-	-	-	452,331
Total liabilities	<u>1,915,232</u>	<u>454,760</u>	<u>16,960</u>	<u>1</u>	<u>50,384</u>	<u>2,437,337</u>
DEFERRED INFLOWS OF RESOURCES						
Grants	-	7,930	-	-	-	7,930
Unavailable revenue - property taxes	<u>280,512</u>	<u>-</u>	<u>-</u>	<u>83,789</u>	<u>-</u>	<u>364,301</u>
Total deferred inflows of resources	<u>280,512</u>	<u>7,930</u>	<u>-</u>	<u>83,789</u>	<u>-</u>	<u>372,231</u>
FUND BBALANCES						
Nonspendable	130,349	-	100,939	-	-	231,288
Restricted	-	31,636	1,770,496	238,563	2,390,577	4,431,272
Assigned	-	-	625,172	-	-	625,172
Unassigned	<u>2,859,603</u>	<u>-</u>	<u>(82,032)</u>	<u>-</u>	<u>-</u>	<u>2,777,571</u>
Total fund balances	<u>2,989,952</u>	<u>31,636</u>	<u>2,414,575</u>	<u>238,563</u>	<u>2,390,577</u>	<u>8,065,303</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,185,696</u>	<u>\$ 494,326</u>	<u>\$ 2,431,535</u>	<u>\$ 322,353</u>	<u>\$ 2,440,961</u>	<u>\$ 10,874,871</u>

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2020

Total fund balances		\$ 8,065,303
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	90,579,378	
Accumulated depreciation	<u>(21,218,776)</u>	69,360,602
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		364,301
Amounts relating to the District's proportionate share of PERS and OPEB actuarial valuation balances are not reported in governmental fund statements.		
Deferred outflows of resources relating to pensions	6,239,917	
Deferred inflows of resources relating to pensions	<u>(4,527,549)</u>	1,712,368
Long-term assets are not available to pay for current period expenditures and are therefore not reported as governmental fund assets.		
Cash with escrow agent	666,670	
Fair value adjustment on investments	<u>9,111</u>	675,781
The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(12,820,624)
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 is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest	(57,312)	
Compensated absences	(194,139)	
Net pension liability - PERS	(18,446,299)	
OPEB RHIA asset	310,844	
OPEB medical benefit liability	(888,095)	
Long-term liabilities payable	<u>(53,630,165)</u>	<u>(72,905,166)</u>
Net position of governmental activities		\$ <u>(5,547,435)</u>

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Local revenue	\$ 7,781,106	\$ 33,005	\$ 1,703,488	\$ 2,275,391	\$ 409,725	\$ 12,202,715
Intermediate revenue	129,075	-	42,673	-	70,000	241,748
State revenue	23,350,272	535,567	48,128	-	2,184,245	26,118,212
Federal revenue	104,064	1,690,379	1,135,368	-	997,779	3,927,590
Total revenues	<u>31,364,517</u>	<u>2,258,951</u>	<u>2,929,657</u>	<u>2,275,391</u>	<u>3,661,749</u>	<u>42,490,265</u>
EXPENDITURES						
Current						
Instruction	16,790,804	1,879,269	1,512,787	-	-	20,182,860
Support services	12,129,719	358,990	1,357,208	-	1,505,098	15,351,015
Community services	-	7,145	1,779,131	-	-	1,786,276
Facilities acquisition and construction	-	-	-	-	5,603,494	5,603,494
Debt service	-	-	178,478	3,075,327	-	3,253,805
Total expenditures	<u>28,920,523</u>	<u>2,245,404</u>	<u>4,827,604</u>	<u>3,075,327</u>	<u>7,108,592</u>	<u>46,177,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,443,994</u>	<u>13,547</u>	<u>(1,897,947)</u>	<u>(799,936)</u>	<u>(3,446,843)</u>	<u>(3,687,185)</u>
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	435,000	-	-	435,000
Sales of assets	-	-	23,725	-	398,045	421,770
Transfers in	-	-	1,536,000	202,000	220,000	1,958,000
Transfers out	(1,808,000)	-	-	-	(150,000)	(1,958,000)
Total other financing sources (uses)	<u>(1,808,000)</u>	<u>-</u>	<u>1,994,725</u>	<u>202,000</u>	<u>468,045</u>	<u>856,770</u>
Net change in fund balances	635,994	13,547	96,778	(597,936)	(2,978,798)	(2,830,415)
Fund balances - beginning	<u>2,353,958</u>	<u>18,089</u>	<u>2,317,797</u>	<u>836,499</u>	<u>5,369,375</u>	<u>10,895,718</u>
Fund balances - ending	<u>\$ 2,989,952</u>	<u>\$ 31,636</u>	<u>\$ 2,414,575</u>	<u>\$ 238,563</u>	<u>\$ 2,390,577</u>	<u>\$ 8,065,303</u>

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Net change in fund balances \$ (2,830,415)

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

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	5,810,502	
Disposal of capital assets	(347,546)	
Less current year depreciation	<u>(1,827,175)</u>	3,635,781

Governmental funds record sinking fund cash deposits as debt service in the year deposited. In the statement of net position, however, making the deposits to the sinking fund increases assets.

133,334

Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Long term debt proceeds	(435,000)	
Amortization of issuance premium and discount	(520,285)	
Debt principal paid	<u>2,120,899</u>	1,165,614

The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.

119,477

Pension and OPEB expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension and OPEB expense or credits are recognized when determined to have been accrued.

(2,704,885)

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.

Unrealized gain (loss) on investments	(9,111)	
Change in compensated absences	<u>24,423</u>	15,312

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.

23,412

Change in net position **\$ (442,370)**

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2020

		Internal Service Fund
		<u>PERS Bond Fund</u>
ASSETS		
Cash and cash equivalents	\$	122,188
LIABILITIES		
Current		
Long-term liabilities, current portion		<u>593,952</u>
Total current liabilities		<u>593,952</u>
Long-term liabilities, less current portion		<u>12,348,860</u>
Total liabilities		12,942,812
NET POSITION		
Unrestricted	\$	<u><u>(12,820,624)</u></u>

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2020

	Internal Service Fund
	PERS Bond Fund
Operating revenues	
Local revenues	\$ 2,277,264
Operating expenses	-
Operating income (loss)	2,277,264
Nonoperating revenues (expenses)	
Investment earnings	15,403
Interest expense	(2,173,190)
Total nonoperating revenues (expenses)	(2,157,787)
Change in net position	119,477
Net position - beginning	(12,940,101)
Net position- ending	\$ (12,820,624)

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2020

	Internal Service Fund
	PERS Bond Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund charges	\$ 2,277,264
Net cash provided (used) by operating activities	2,277,264
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	15,403
Net cash provided (used) by investing activities	15,403
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Principal paid on pension bonds	(193,070)
Interest paid on pension bonds	(2,173,190)
Net cash provided (used) by non-capital financing activities	(2,366,260)
Net increase (decrease) in cash and cash equivalents	(73,593)
Cash and cash equivalents - beginning	195,781
Cash and cash equivalents - ending	\$ 122,188

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2020

	Private Purpose Trust Funds
ASSETS	
Cash and cash equivalents	\$ 386,432
NET POSITION	
Held in trust for scholarships	295,674
Held in trust for future expenditures	90,758
Total net position	\$ 386,432

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

For the Year Ended June 30, 2020

	Private Purpose Trust Funds
ADDITIONS	
Investment earnings	\$ 40,686
DEDUCTIONS	
Scholarships awarded	5,320
Supporting services	26
Total deductions	5,346
Change in net position	35,340
Net position - beginning	351,092
Net position - ending	\$ 386,432

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

NOTES TO BASIC FINANCIAL STATEMENTS

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District.

B. Reporting Entity

South Lane School District No. 45J3 is a municipal corporation governed by an elected seven-member board. The District was organized under provision of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. As required by accounting principles generally accepted in the United States of America, these basic financial statements present South Lane School District No. 45J3 (the primary government) and any component units. There are various governmental agencies and special service districts that provide services within the boundaries of the District; however, the District is not financially accountable for any of these entities, and, therefore, none of them are considered component units or included in these basic financial statements.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental, and proprietary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Special Revenue Funds

Special Revenue Fund – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary source of revenue is donations. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Special Projects Fund – The Special Projects Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary source of revenue is federal grants. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Debt Service Fund – The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of principal and interest due on long-term debt.

Capital Projects Fund – The Capital Projects Fund accounts for the expenditures related to acquisition or construction of major facilities and other capital asset needs. The primary source of revenue is bond proceeds and transfers.

In addition, the District reports the following proprietary fund:

Internal Service Fund

PERS Bond Fund – The PERS Bond Fund is used to account for charges levied to the various operating funds of the District to pay the debt service on pension bonds.

In addition, the District reports the following fiduciary fund:

Private Purpose Trust Fund – This fund accounts for resources received and held by the District in a fiduciary capacity. Disbursements from these funds are made in accordance with trust agreements and include the Student Trust Fund, Scholarship Fund, and the Nurses Fund.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, and internal service funds. All funds are budgeted on the modified accrual basis of accounting. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation 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 of directors at a regular board 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 of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts, one supplemental budget, and three approved appropriation changes.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and Equipment	5-15
Buildings and building improvements	20-60

4. Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time.

The District has only one type of item, which arises only under a 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 governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

6. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts presented as nonspendable fund balance are those in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The school board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Amounts in the assigned fund balance classification are intended to be used by the government for the specific purposes but do not meet the criteria to be classified as committed. The school board has by resolution authorized the Superintendent and Business Manager to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Compensated Absences

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 47, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

4. Pensions

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

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

South Lane School District No. 45J3 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments.

The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR).

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A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2020.

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	<u>Level 2</u>
Oregon Local Government Investment Pool	<u>\$ 5,301,687</u>

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool.

The District has adopted an investment policy regarding credit risk in order to comply with state statutes.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Investments

As of June 30, 2020, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 5,301,687

Interest Rate Risk

The District has a formal policy that limits investment maturities to 18 months as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District has a formal policy that places a limit on the amount that may be invested in any one insurer. 97 percent of the District’s investments are in the Oregon LGIP, and 3 percent are in Federal Agency Obligations.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District’s deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at Umpqua, US, and Wells Fargo Banks, for which deposits are insured by the FDIC insurance up to \$250,000. At June 30, 2020, the District’s had deposits of \$294,514 insured by the FDIC, and \$3,635,061 collateralized under the PFCP.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Deposits

The District's deposits and investments at June 30, 2020 are as follows:

Checking accounts	\$ 3,317,369
Total investments	<u>5,301,687</u>
 Total deposits and investments	 <u><u>\$ 8,619,056</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 4,627,060
Special Revenue Fund (book overdraft)	(452,331)
Special Projects Fund	47,218
Internal service fund - Insurance Fund	<u>122,188</u>
Total governmental activities - unrestricted	4,344,135
Governmental activities - restricted	
Debt Service Fund	233,375
Special Projects Fund	1,770,496
Capital projects Fund	<u>2,271,050</u>
Total governmental activities - restricted	<u>4,274,921</u>
Total cash and investments	<u><u>\$ 8,619,056</u></u>

Restricted cash is for future payments of principal and interest on long-term debt, grants projects, student activities, as well as the completion of bond projects.

B. Deferred Inflows/Outflows of Resources

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Pension liability - PERS	\$ 6,092,908	\$ (4,433,400)
OPEB liability - RHIA	18,242	(62,016)
OPEB liability - Medical benefit	128,767	(32,133)
Unearned grant revenue	<u>-</u>	<u>(7,930)</u>
Total	<u><u>\$ 6,239,917</u></u>	<u><u>\$ (4,535,479)</u></u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

C. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Assets held for sale	\$ 341,602	\$ -	\$ (341,602)	\$ -
Capital assets not being depreciated				
Land	948,797	-	-	948,797
Construction in progress	5,346,913	44,257	(5,346,913)	44,257
Total capital assets not being depreciated	6,295,710	44,257	(5,346,913)	993,054
Capital assets being depreciated				
Buildings and improvements	74,090,146	10,469,488	-	84,559,634
Equipment	1,220,136	31,181	-	1,251,317
Busses and other vehicles	3,471,910	612,489	(309,026)	3,775,373
Total capital assets being depreciated	78,782,192	11,113,158	(309,026)	89,586,324
Less accumulated depreciation for				
Buildings and improvements	(16,168,812)	(1,604,899)	-	(17,773,711)
Equipment	(1,092,609)	(45,052)	-	(1,137,661)
Busses and other vehicles	(2,433,262)	(177,224)	303,082	(2,307,404)
Total accumulated depreciation	(19,694,683)	(1,827,175)	303,082	(21,218,776)
Total capital assets being depreciated, net	59,087,509	9,285,983	(5,944)	68,367,548
Governmental activities capital assets, net	\$ 65,724,821	\$ 9,330,240	\$ (5,694,459)	\$ 69,360,602

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 948,797	\$ -	\$ 948,797
Construction in progress	44,257	-	44,257
Buildings and improvements	84,559,634	(17,773,711)	66,785,923
Equipment	1,251,317	(1,137,661)	113,656
Buses and other vehicles	3,775,373	(2,307,404)	1,467,969
Total governmental capital assets	\$ 90,579,378	\$ (21,218,776)	\$ 69,360,602

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Depreciation was not charged to specific functions or programs of the District. Capital assets of the District are for the use of the entire District and are therefore unallocated. Depreciation expense is recorded on the statement of activities as follows:

Unallocated depreciation expense	\$ <u>1,827,175</u>
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D. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfers in:			Total
	Special Projects Fund	Debt Service Fund	Capital Projects Fund	
Transfers out:				
General Fund	\$ 1,386,000	\$ 202,000	\$ 220,000	\$ 1,808,000
Capital Projects Fund	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
	<u>\$ 1,536,000</u>	<u>\$ 202,000</u>	<u>\$ 220,000</u>	<u>\$ 1,958,000</u>

Transfers were made to cover current year special and capital projects, and debt service payments.

E. Compensated Absences

The following is a summary of compensated absences at year end.

	Beginning Balance	Additions	Reductions	Ending Balance
Net compensated absences	<u>\$ 204,759</u>	<u>\$ -</u>	<u>\$ 15,312</u>	<u>\$ 189,447</u>

The General Fund has traditionally been used to liquidate compensated absences balances.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds							
Series 2012 refunding	2-5%	\$ 21,335	\$ 10,800,000	\$ -	\$ 1,505,000	\$ 9,295,000	\$ 1,610,000
Series 2016A	3.32%	37,285,000	36,945,000	-	367,000	36,578,000	367,000
Series 2016B	2-4%	15,945,000	15,275,000	-	-	15,275,000	395,000
Sub-total		53,251,335	63,020,000	-	1,872,000	61,148,000	2,372,000
Premium - 2012 refunding		1,919,606	1,482,509	-	107,773	1,374,736	-
Discount - 2016A		(16,715,349)	(15,382,916)	-	(695,826)	(14,687,090)	-
Premium - 2016B		2,362,968	2,295,971	-	67,768	2,228,203	-
Total general obligation bonds		40,818,560	51,415,564	-	1,351,715	50,063,849	2,372,000
QZAB 2008	1.34%	1,000,000	270,000	-	65,000	205,000	65,000
QZAB 2014	0.00%	2,000,000	2,000,000	-	-	2,000,000	-
Total QZAB		3,000,000	2,270,000	-	65,000	2,205,000	65,000
Limited tax pension							
bonds - 2003	1.5-6.3%	22,630,220	14,220,720	-	598,284	13,622,436	593,952
Accretion of discount		-	(1,084,838)	-	(405,214)	(679,624)	-
Capital lease obligations		-	1,110,215	435,000	183,899	1,361,316	297,601
Total governmental activities		<u>\$ 66,448,780</u>	<u>\$ 67,931,661</u>	<u>\$ 435,000</u>	<u>\$ 1,793,684</u>	<u>\$ 66,572,977</u>	<u>\$ 3,328,553</u>

2. General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The District's outstanding general obligation bonds represent funding primarily for building improvement projects. Interest is due semiannually in June and December. Interest rates increase at fixed rates over the life of the bonds in accordance with the original bond agreements. The Debt Service Fund has traditionally been used to liquidate long-term debt.

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NOTES TO BASIC FINANCIAL STATEMENTS

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3. General Obligation Refunding Bonds Series 2012

In March 2012, the District issued general obligation bonds of \$21,335,000 (par value) with interest rates of 2% to 5% to advance refund the portion of the Series 2002 general obligation bonds on June 15, 2012. Interest rates increase in accordance with the original bond agreements. The Series 2012 bonds were issued at a premium of \$1,919,606 and, after paying issuance costs of \$260,662, the net proceeds were \$22,993,944. The net proceeds from the issuance of the Series 2012 bonds were used to purchase state and local government securities, which were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2002 bonds were called on June 15, 2012. The advance refunding met the requirements of an in-substance debt defeasance and the refunded portion of the 2002 bonds was removed from the District's government-wide financial statements. The defeased bonds have been paid in full.

4. General Obligation Bonds Series 2016

In August 2016, the District issued general obligation bonds of \$35,945,243 (par value) with interest rates of 2% to 5%. Interest rates increase in accordance with the original bond agreements. The bonds were used for facilities improvements and additions.

5. Qualified School Construction Bonds - 2008

The District entered into a financing agreement dated 2008 under the Qualified Zone Academy Bonds (QZAB) Program. The District received financing of \$1,000,000 for upgrades and improvements to school facilities. The agreement requires annual payments, and interest is fixed.

6. Qualified School Construction Bonds - 2014

The District entered into a financing agreement dated 2014 under the Qualified Zone Academy Bonds (QZAB) Program. The District received financing of \$2,000,000 for upgrades and improvements to school facilities. The agreement requires annual cash deposits to a sinking fund in the amount of \$133,334 to fund the only payment of \$2,000,000 in 2029.

7. Limited Tax Pension Bond

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). A bond in the amount of \$22,630,220 was issued on April 21, 2003. The bond is being amortized over 25 years. Interest is fixed and ranges between 1.4% and 6.27%. Interest rates increase in accordance with the original bond agreements. Interest is due semiannually on June 30 and December 31.

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8. Capital Lease Obligations

The District has eight capital lease obligations; the proceeds of five of the capital leases were used to purchase buses and the remaining leases were for copy machines and computer equipment, which are pledged as collateral. The agreements contain an event of default; if the District is unable to make payments, the lender may declare the entire unpaid principal balance and any unpaid accrued interest immediately due. The effective interest rates on the capital lease obligations range from 2.3 percent to 10.28 percent and payments end at varying dates through 2025.

9. Future Maturities of Long-Term Liabilities

Year Ending June 30	General Obligation Bonds			QZAB		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,005,000	\$ 975,813	\$ 2,980,813	\$ 65,000	\$ 2,747	\$ 67,747
2022	2,150,000	860,938	3,010,938	70,000	1,876	71,876
2023	2,305,000	772,613	3,077,613	70,000	938	70,938
2024	2,495,000	663,263	3,158,263	-	-	-
2025	2,700,000	595,238	3,295,238	-	-	-
2026-2030	15,530,000	2,037,921	17,567,921	2,000,000	-	2,000,000
2031-2035	14,190,000	5,825,184	20,015,184	-	-	-
2036-2040	16,248,000	8,536,342	24,784,342	-	-	-
2041	3,525,000	2,041,328	5,566,328	-	-	-
Total	<u>\$ 61,148,000</u>	<u>\$ 22,308,640</u>	<u>\$ 83,456,640</u>	<u>\$ 2,205,000</u>	<u>\$ 5,561</u>	<u>\$ 2,210,561</u>

Year Ending June 30	Limited Tax Pension Bonds		
	Principal	Interest	Total
2021	\$ 593,952	\$ 1,887,309	\$ 2,481,261
2022	591,275	2,009,985	2,601,260
2023	592,209	2,139,051	2,731,260
2024	2,190,000	671,260	2,861,260
2025	2,450,000	548,404	2,998,404
2026-2028	7,205,000	745,216	7,950,216
Total	<u>\$ 13,622,436</u>	<u>\$ 8,001,225</u>	<u>\$ 21,623,661</u>

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Capital Lease Obligations are as follows:

Year Ending June 30		
2021	\$	297,601
2022		284,358
2023		271,818
2024		271,818
2025		249,433
Thereafter		154,667
Total		1,529,695
Less interest		(168,379)
Total	\$	1,361,316

10. General Obligation Debt Capacity

ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95% of the Real Market Value of all taxable properties within the district.

Information on the District’s general obligation debt capacity is presented below.

Real Market Value (Fiscal Year 2019) ⁽¹⁾	\$	2,829,039,935
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Debt Capacity

General Obligation Debt Capacity (7.95% of Real Market Value)	\$	224,908,675
Less: Outstanding Debt Subject to Limit		(61,148,000) ⁽²⁾
Remaining General Obligation Debt Capacity	\$	163,760,675
Percent of Capacity Issued		27.19%

⁽¹⁾ The District’s fiscal year commences July 1 and ends on June 30 of the following year (the “Fiscal Year”). *Source: Lane County Department of Assessment and Taxation.*

⁽²⁾ Represents voter-approved, unlimited-tax general obligations of the District.

11. Tax Abatements

Lane County has established an enterprise zone under ORS 285C that abates property taxes on properties within the enterprise zone. As a result, the property taxes that the District will receive for the 2018-2019 levy year have been reduced by \$68,855.

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G. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Special Revenue Fund	Special Projects Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Fund balances:						
Nonspendable:						
Prepays	\$ 130,349	\$ -	\$ 61,420	\$ -	\$ -	\$ 191,769
Inventory	-	-	39,519	-	-	39,519
Restricted for:						
Debt service	-	-	-	238,563	-	238,563
Capital additions	-	-	27,858	-	-	27,858
Bond projects	-	-	-	-	2,297,980	2,297,980
Student activities	-	-	409,082	-	-	409,082
Reimbursable costs	-	-	112,260	-	-	112,260
Child dental care	-	-	119,366	-	-	119,366
Cool schools program	-	-	40,974	-	-	40,974
Reach out mentoring	-	31,433	-	-	-	31,433
Wellness program	-	-	12,784	-	-	12,784
Grant projects	-	203	-	-	-	203
Pre-school programs	-	-	16,749	-	-	16,749
TAG programs	-	-	5,295	-	-	5,295
GEAR up scholarships	-	-	916,411	-	-	916,411
Child care	-	-	109,717	-	-	109,717
Building improvements	-	-	-	-	92,597	92,597
Assigned to:						
Extended learning	-	-	4,585	-	-	4,585
Textbooks	-	-	100,835	-	-	100,835
Professional development	-	-	37,977	-	-	37,977
Community recreation	-	-	58,027	-	-	58,027
PERS reserve	-	-	301,693	-	-	301,693
Technology purchases	-	-	89,460	-	-	89,460
Communication needs	-	-	32,595	-	-	32,595
Unassigned	<u>2,859,603</u>	<u>-</u>	<u>(82,032)</u>	<u>-</u>	<u>-</u>	<u>2,777,571</u>
Total fund balances	<u>\$ 2,989,952</u>	<u>\$ 31,636</u>	<u>\$ 2,414,575</u>	<u>\$ 238,563</u>	<u>\$ 2,390,577</u>	<u>\$ 8,065,303</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District expended funds in excess of appropriations as follows:

Fund	Category	Appropriations	Expenditures	Excess
Special Projects	Debt services	\$ 178,290	\$ 178,478	\$ 188
Special Revenue	Enterprise and community	-	7,145	7,145

SOUTH LANE SCHOOL DISTRICT NO. 45J3
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

IV. OTHER INFORMATION

A. 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. In addition, the District maintains an Insurance Fund for the payment of future unemployment claims. No liability for unpaid unemployment claims has been recorded, as management is unable to reasonably estimate the amount or timing of future claims.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

Description of Benefit Terms

Plan Benefits – PERS Pension (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A

PERS Pension

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary.

Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

Death Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: police and fire - 1.8 percent is multiplied by the number of years of service and the final average salary.

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years of service and the final average salary.

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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 the termination becomes effective.

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Employer contributions for the year ended June 30, 2020 were \$1,518,504.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
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For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/ deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent

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Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors.

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Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

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

At June 30, 2020, the District reported a liability of \$18,446,299 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District’s proportion was 0.10664077%.

For the year ended June 30, 2020, the District recognized pension expense of \$4,144,555.

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At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,017,259	\$ -
Changes of assumptions	2,502,451	-
Net difference between project and actual earnings on investments	-	(522,934)
Changes in proportionate share	1,188,522	(2,068,037)
Differences between employer contributions and employer's proportionate share of system contributions	-	(1,842,429)
Total (prior to post-MD contributions)	4,708,232	(4,433,400)
Contributions subsequent to the MD	1,384,676	-
Total	\$ 6,092,908	\$ (4,433,400)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
1st Fiscal Year	\$ 1,161,545
2nd Fiscal Year	\$ (447,385)
3rd Fiscal Year	\$ (130,336)
4th Fiscal Year	\$ (212,425)
5th Fiscal Year	\$ (96,567)

Sensitivity of the District's Proportionate Share of the NPL to Changes in the Discount Rate

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

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District’s proportionate share of the net pension liability (asset):

1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
\$ 29,540,112	\$ 18,446,299	\$ 9,162,307

Changes Subsequent to the Measurement Date

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation.

For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability. The decrease in the Total Pension Liability resulting from Senate Bill 1049, measured as of June 30, 2019, is shown in the Exhibit A as the “Effect of plan changes” during the measurement period. While Senate Bill 1049 also made changes to certain aspects of the System’s funding and administration, the salary limit is the only change that affects the measured Total Pension Liability. As a result, the salary limit provision is the only difference in the valuation basis used to determine the Total Pension Liability between June 30, 2018 and June 30, 2019.

C. Individual Account Program (IAP)

Plan Description

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP).

Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan.

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

Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

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

Contributions

Member contributions are set by statute at 6 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Actuarial Methods and Assumptions

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. The assumed rate of return on investments is 7.2% compounded annually. The assumed consumer price inflation rate used is 2.5% per year.

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700, or can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

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D. Other Post-Employment Benefits (GASB 75) RHIA - Oregon PERS Plan

1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan.

Description of Benefit Terms

Plan Benefits - PERS RHIA (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and the Internal Revenue Code Section 401(a).

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

As of June 30, 2019, the inactive RHIA plan participants currently receiving benefits totaled 44,208, and there were 45,598 active and 11,347 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date. Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

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Contributions

Employer contributions for the year ended June 30, 2020 were \$30,117.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2019. That independently audited report was dated March 4, 2020 and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

Proportionate Share Allocation Methodology

The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; disabled retirees: 20%
Mortality	Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

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	<p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 7.20. 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 RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

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Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses.

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the District reported an asset of \$310,844 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 the District's proportion was 0.160862270%. For the year ended June 30, 2020, the District recognized OPEB credits of \$41,823. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (40,991)
Changes of assumptions	-	(322)
Net difference between project and actual earnings on investments	-	(19,187)
Changes in proportionate share	-	(1,516)
Total (prior to post-MD contributions)	-	(62,016)
Contributions subsequent to the MD	18,242	-
Total	\$ 18,242	\$ (62,016)

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2019 measurement period is 3.1 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2020.

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Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ (32,274)
2nd Fiscal Year	(28,150)
3rd Fiscal Year	(3,568)
4th Fiscal Year	1,976
5th Fiscal Year	-

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

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

District's proportionate share of the net OPEB (asset) liability:

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ (240,984)	\$ (310,844)	\$ (370,369)

Changes Subsequent to the Measurement Date

A change subsequent to the June 30, 2019 Measurement Date that may be considered to meet the reporting requirement is the passage of the Further Consolidated Appropriations Act (HR 1865), which became law in December 2020. The Act repealed the "Cadillac tax" on high cost health plans and removed the Health Insurer Fee permanently beginning in 2021. Both of these legislated changes are expected to decrease future expected medical costs projected by our trend assumption. For Oregon PERS, this has no effect on RHIA, but would be expected to decrease future projected RHIPA benefits. An initial estimate is that the change to RHIPA Net OPEB Liability may be a reduction of \$1 million to \$2 million.

2. Tax Deferred Annuities

The District provides tax deferred annuity contracts established under Section 403(b) of the Internal Revenue Code. Participation in the program is voluntary. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

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E. Other Post-Employment Benefits (GASB 75) – District Medical Benefit Plan

1. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The District Medical Benefit Plan consists of a single-employer retiree benefit plan that provides post-employment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

Description of Benefit Terms

Plan Benefits – Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees.

The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions. The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Medical Benefit Membership and Eligibility

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

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Participant Statistics

As of June 30, 2020, there were 365 active members and 13 retired participants in the Medical Benefit plan. The average age of participants is 46.2 and 62.4, respectively.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the District 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.

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of June 30, 2020 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	July 1, 2019
Measurement Dates/Fiscal Year Ends	June 30, 2020 through June 30, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Discount	3.50 percent discount rate assumption
General Inflation	2.50 percent per year
Salary Scale	3.50 percent per year

Election and lapse rates: 30% of eligible employees - 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate.

Expected healthcare costs were developed using a composite of the premiums due for retirees members electing coverage as of July 1, 2019.

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Milliman’s Health Cost Guidelines were used to allocate costs by age and gender. Retirees’ costs include a load for expected health status of retirees relative to active employees and spouses.

For the period July 1, 2017 through June 30, 2020, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$537 per retiree per month, and \$594 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$73 per retiree and \$75 per spouse.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Table for males and females, as appropriate. Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2019	\$	<u>802,677</u>
Changes for the year:		
Service cost		79,663
Interest		32,864
Effect of economic/demographic gains or losses		26,413
Change in assumptions		13,374
Benefit payments		<u>(66,896)</u>
Net changes		<u>85,418</u>
Total OPEB Liability at June 30, 2020	\$	<u>888,095</u>

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,983	\$ -
Changes in assumptions	11,637	(32,133)
Benefit payments	<u>94,147</u>	<u>-</u>
Total	<u>\$ 128,767</u>	<u>\$ (32,133)</u>

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Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in subsequent years as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2021	\$ (1,678)
2022	\$ (1,678)
2023	\$ (1,678)
2024	\$ (1,678)
2025	\$ 1,220
Thereafter	\$ 7,979

Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates

The following presents the net OPEB liability, calculated using the discount rate of 3.58%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 941,986	\$ 888,095	\$ 837,411

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 812,297	\$ 888,095	\$ 976,934

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F. Concentrations

1. Collective Bargaining Agreement

At June 30, 2020, the District had approximately 426 employees who are accounted for under the governmental activities of the District. Of this total, 90% are covered under a collective bargaining agreement. The existing agreement was ratified on July 1, 2016 and expires on June 30, 2020.

G. New Pronouncements

The Governmental Accounting Standards Board (GASB) issued [Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance](#). The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

The guidance postpones by one year the effective dates of certain provisions in the pronouncements as follows:

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* – This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Statement postpones the effective dates of the following pronouncements by 18 months:

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

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

The GASB provides other COVID-19 related resources on its website:

<https://www.gasb.org/COVID19> .

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

H. Commitments

During the year ended June 30, 2020, the District entered into numerous construction contracts. The outstanding amount of these projects is \$346,200.

I. Subsequent Events

Management has evaluated subsequent events through November 30, 2020, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the Net Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1066408%	0.1283687%	0.1220962%	0.1059706%	0.0957439%	0.0682416%
District's proportionate share of the net pension liability (asset)	\$ 18,446,299	\$ 19,446,172	\$ 16,458,618	\$ 15,908,640	\$ 5,497,097	\$ (1,546,843)
District's covered-employee payroll	\$ 15,586,990	\$ 15,708,298	\$ 15,355,468	\$ 14,861,774	\$ 15,072,780	\$ 14,766,855
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	118%	124%	107%	107%	36%	-10%
Plan fiduciary net position as a percentage of the total pension liability	80%	82%	83%	92%	92%	104%

Schedule of District Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required cont	\$ 1,518,504	\$ 1,128,578	\$ 1,116,152	\$ 2,377,117	\$ 2,179,417	\$ 2,703,361
Contributions in relation to the contractually required contribution	<u>(1,518,504)</u>	<u>(1,128,578)</u>	<u>(1,116,152)</u>	<u>(2,377,117)</u>	<u>(2,179,417)</u>	<u>(2,703,361)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,621,909	\$ 17,548,378	\$ 15,512,342	\$ 17,568,345	\$ 15,615,031	\$ 15,072,780
Contributions as a percentage of covered-employee payroll	8.15%	6.43%	7.20%	13.53%	13.96%	17.94%

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
OPEB LIABILITY (ASSET) AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

**Schedule of the District's Proportionate
Share of the OPEB Liability (Asset)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability (asset)	0.160862270%	0.160182480%	0.153070910%	0.163112270%
District's proportionate share of the OPEB liability (asset)	\$ (310,844)	\$ (178,809)	\$ (63,883)	\$ 44,295
District's covered-employee payroll (from actuarial exhibits)	\$ 15,586,990	\$ 15,708,298	\$ 15,355,468	\$ 14,861,774
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-1.99%	-1.14%	-0.42%	0.30%
Plan fiduciary net position as a percentage of the total OPEB liability	144.40%	123.99%	108.88%	94.15%

Schedule of District Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 30,117	\$ 87,742	\$ 77,562	\$ 74,959
Contributions in relation to the contractually required contribution	<u>30,117</u>	<u>87,742</u>	<u>77,562</u>	<u>74,959</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,621,909	\$ 17,548,378	\$ 15,512,342	\$ 17,568,345
Contributions as a percentage of covered-employee payroll	0.16%	0.50%	0.50%	0.43%

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Medical Benefit Pension Liability - beginning	<u>\$ 802,677</u>	<u>\$ 783,199</u>	<u>\$ -</u>
Changes for the year:			
Service Cost	\$ 79,663	\$ 79,313	\$ 79,663
Interest	32,864	29,557	32,864
Effect of economic/demographic gains or losses	26,413	-	-
Change in assumptions	13,374	(14,946)	13,374
Benefit Payments	<u>(66,896)</u>	<u>(74,446)</u>	<u>(66,896)</u>
Net changes for the year	<u>85,418</u>	<u>19,478</u>	<u>59,005</u>
Total Medical Benefit Pension Liability - ending	<u>\$ 888,095</u>	<u>\$ 802,677</u>	<u>\$ 59,005</u>
District's covered-employee payroll	\$ 18,621,909	\$ 17,548,378	\$ 15,512,342
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	4.77%	4.57%	0.38%

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Local revenue	\$ 7,877,057	\$ (95,951)	\$ 7,781,106
Intermediate revenue	345,000	(215,925)	129,075
State revenue	22,372,016	978,256	23,350,272
Federal revenue	-	104,064	104,064
Total revenues	30,594,073	770,444	31,364,517
EXPENDITURES			
Current			
Instruction	17,593,084	(802,280)	16,790,804
Support services	12,282,989	(153,270)	12,129,719
Debt service	60,000	(60,000)	-
Contingency	1,000,000	(1,000,000)	-
Total expenditures	30,936,073	(2,015,550)	28,920,523
Excess (deficiency) of revenues over (under) expenditures	(342,000)	2,785,994	2,443,994
OTHER FINANCING SOURCES (USES)			
Lease purchase receipts	50,000	(50,000)	-
Transfers in	-	-	-
Transfers out	(1,808,000)	-	(1,808,000)
Total other financing sources (uses)	(1,758,000)	(50,000)	(1,808,000)
Net change in fund balance	(2,100,000)	2,735,994	635,994
Fund balance - beginning	2,100,000	253,958	2,353,958
Fund balance - ending	\$ -	\$ 2,989,952	\$ 2,989,952

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SPECIAL REVENUE FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 38,000	\$ 38,000	\$ (4,995)	\$ 33,005
Intermediate revenue	-	-	-	-
State revenue	410,000	839,900	(304,333)	535,567
Federal revenue	2,127,734	2,127,734	(437,355)	1,690,379
Total revenues	2,575,734	3,005,634	(746,683)	2,258,951
EXPENDITURES				
Current				
Instruction	2,091,911	2,441,911	(562,642)	1,879,269
Support services	484,823	564,723	(205,733)	358,990
Enterprise and community services	-	-	7,145	7,145
Contingency	-	-	-	-
Total expenditures	2,576,734	3,006,634	(761,230)	2,245,404
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(1,000)	14,547	13,547
Fund balance - beginning	1,000	1,000	17,089	18,089
Fund balance - ending	\$ -	\$ -	\$ 31,636	\$ 31,636

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SPECIAL PROJECTS FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 1,939,408	\$ 1,939,408	\$ (235,920)	\$ 1,703,488
Intermediate revenue	474,000	474,000	(431,327)	42,673
State revenue	47,000	197,000	(148,872)	48,128
Federal revenue	1,165,000	1,165,000	(29,632)	1,135,368
Total revenues	3,625,408	3,775,408	(845,751)	2,929,657
EXPENDITURES				
Current				
Instruction	2,162,746	2,162,746	(649,959)	1,512,787
Support services	921,173	1,506,173	(148,965)	1,357,208
Enterprise and community services	2,845,512	2,845,512	(1,066,381)	1,779,131
Debt service	178,290	178,290	188	178,478
Contingency	643,121	643,121	(643,121)	-
Total expenditures	6,750,842	7,335,842	(2,508,238)	4,827,604
Excess (deficiency) of revenues over (under) expenditures	(3,125,434)	(3,560,434)	1,662,487	(1,897,947)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	435,000	-	435,000
Sale of assets	-	-	23,725	23,725
Transfers in	1,536,000	1,536,000	-	1,536,000
Total other financing sources (uses)	1,536,000	1,971,000	23,725	1,994,725
Net change in fund balance	(1,589,434)	(1,589,434)	1,686,212	96,778
Fund balance - beginning	1,815,634	1,815,634	502,163	2,317,797
Fund balance - ending	\$ 226,200	\$ 226,200	\$ 2,188,375	\$ 2,414,575

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES			
Local revenue	\$ 2,370,388	\$ (94,997)	\$ 2,275,391
EXPENDITURES			
Debt service	3,075,340	(13)	3,075,327
Contingency	<u>72,000</u>	<u>(72,000)</u>	<u>-</u>
Total expenditures	<u>3,147,340</u>	<u>(72,013)</u>	<u>3,075,327</u>
Excess (deficiency) of revenues over (under) expenditures	(776,952)	(22,984)	(799,936)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>202,000</u>	<u>-</u>	<u>202,000</u>
Net change in fund balance	(574,952)	(22,984)	(597,936)
Fund balance - beginning	<u>575,000</u>	<u>261,499</u>	<u>836,499</u>
Fund balance - ending	<u>\$ 48</u>	<u>\$ 238,515</u>	<u>\$ 238,563</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES				
Local revenue	\$ 332,500	\$ 332,500	\$ 77,225	\$ 409,725
Intermediate revenue	-	-	70,000	70,000
State revenue	200,000	5,904,130	(3,719,885)	2,184,245
Federal revenue	-	-	997,779	997,779
Total revenues	<u>532,500</u>	<u>6,236,630</u>	<u>(2,574,881)</u>	<u>3,661,749</u>
EXPENDITURES				
Current				
Support services	357,080	1,857,080	(351,982)	1,505,098
Facilities acquisition and construction	3,349,920	7,554,050	(1,950,556)	5,603,494
Contingency	121,500	121,500	(121,500)	-
Total expenditures	<u>3,828,500</u>	<u>9,532,630</u>	<u>(2,424,038)</u>	<u>7,108,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,296,000)</u>	<u>(3,296,000)</u>	<u>(150,843)</u>	<u>(3,446,843)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	398,045	398,045
Transfers in	220,000	220,000	-	220,000
Transfers out	(150,000)	(150,000)	-	(150,000)
Total other financing sources (uses)	<u>70,000</u>	<u>70,000</u>	<u>398,045</u>	<u>468,045</u>
Net change in fund balance	(3,226,000)	(3,226,000)	247,202	(2,978,798)
Fund balance - beginning	<u>3,226,000</u>	<u>3,226,000</u>	<u>2,143,375</u>	<u>5,369,375</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

INTERNAL SERVICE FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Local revenues	\$ 2,316,261	\$ (23,594)	\$ 2,292,667	\$ -	\$ 2,292,667
EXPENSES					
Debt service	<u>2,366,261</u>	<u>(1)</u>	<u>2,366,260</u>	<u>(193,070)</u>	<u>2,173,190</u>
Excess (deficiency) of revenues over (under) expenses	(50,000)	(23,593)	(73,593)	193,070	119,477
Net position - beginning	<u>150,000</u>	<u>45,781</u>	<u>195,781</u>	<u>(13,135,882)</u>	<u>(12,940,101)</u>
Net position - ending	<u>\$ 100,000</u>	<u>\$ 22,188</u>	<u>\$ 122,188</u>	<u>\$ (12,942,812)</u>	<u>\$ (12,820,624)</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

PRIVATE PURPOSE TRUST FUNDS

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Budget Basis</u>
REVENUES			
Local revenue	\$ 4,810	\$ 35,876	\$ 40,686
EXPENDITURES			
Current			
Instruction	35,000	(35,000)	-
Support services	6,574	(6,548)	26
Enterprise and community services	30,000	(24,680)	5,320
Contingency	<u>283,800</u>	<u>(283,800)</u>	<u>-</u>
Total expenditures	<u>355,374</u>	<u>(350,028)</u>	<u>5,346</u>
Excess (deficiency) of revenues over (under) expenditures	(350,564)	385,904	35,340
Fund balance - beginning	<u>350,564</u>	<u>528</u>	<u>351,092</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 386,432</u></u>	<u><u>\$ 386,432</u></u>

OTHER FINANCIAL SCHEDULES

SOUTH LANE SCHOOL DISTRICT NO. 45J3

Cottage Grove, Oregon

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2020

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400
1110 Ad Valorem Taxes Levied by District	\$ 7,399,025.22	\$ -	\$ 2,239,246.29	\$ -
1130 Construction Excise Tax	-	-	-	104,879.59
1190 Penalties and Interest on Taxes	26,390.04	-	-	-
1500 Earnings on Investments	172,903.93	1,498.80	36,143.94	83,435.77
1600 Food Service	-	190,292.34	-	-
1700 Extracurricular Activities	-	617,910.16	-	-
1800 Community Service Activities	-	18,137.37	-	-
1910 Rentals	-	-	-	50,002.00
1920 Contributions and Donations From Private Sources	-	609,297.75	-	65,878.33
1960 Recovery of Prior Year Expenditures	85,633.40	21,803.93	-	97,663.66
1970 Services Provided to Other Funds	-	-	-	-
1990 Miscellaneous	97,152.75	277,549.65	-	7,865.00
Total Revenue from Local Sources	\$ 7,781,105.34	\$ 1,736,490.00	\$ 2,275,390.23	\$ 409,724.35
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400
2101 County School Funds	\$ 102,994.12	\$ -	\$ -	\$ -
2200 Restricted Revenue	26,081.00	42,672.58	-	70,000.00
Total Revenue from Intermediate	\$ 129,075.12	\$ 42,672.58	\$ -	\$ 70,000.00
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400
3101 State School Fund - General Support	\$ 22,916,154.31	\$ -	\$ -	\$ -
3103 Common School Fund	304,681.46	-	-	-
3299 Other Restricted Grants-in-Aid	129,437.05	583,694.02	-	2,184,245.00
Total Revenue from State Sources	\$ 23,350,272.82	\$ 583,694.02	\$ -	\$ 2,184,245.00
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400
4500 Restricted Revenue From the Federal Government Through the State	\$ 968.03	\$ 2,713,174.26	\$ -	\$ 997,779.00
4800 Federal Forest Fees	103,096.01	-	-	-
4900 Revenue for/on Behalf of the District	-	112,570.64	-	-
Total Revenue from Federal Sources	\$ 104,064.04	\$ 2,825,744.90	\$ -	\$ 997,779.00
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400
5100 Long Term Debt Financing Sources	\$ -	\$ 435,000.00	\$ -	\$ -
5200 Interfund Transfers	-	1,536,000.00	202,000.00	220,000.00
5300 Sale of Fixed Assets	-	23,725.00	-	398,045.00
5400 Resources - Beginning Fund Balance	2,353,958.48	2,335,887.72	836,499.69	5,369,376.03
Total Revenue from Other Sources	\$ 2,353,958.48	\$ 4,330,612.72	\$ 1,038,499.69	\$ 5,987,421.03
Grand Totals	\$ 33,718,475.80	\$ 9,519,214.22	\$ 3,313,889.92	\$ 9,649,169.38

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
15,403.02	8,239.75
-	-
-	-
-	-
-	-
-	32,446.11
-	-
2,277,264.06	-
-	-
\$ 2,292,667.08	\$ 40,685.86

Fund 600	Fund 700
\$ -	\$ -
-	-
\$ -	\$ -

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
\$ -	\$ -

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
\$ -	\$ -

Fund 600	Fund 700
\$ -	\$ -
-	-
-	-
195,780.57	351,091.29
\$ 195,780.57	\$ 351,091.29
\$ 2,488,447.65	\$ 391,777.15

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2020

Instruction Expenditures	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 5,260,686.53	\$ 3,410,378.37	\$ 1,738,800.82
1121 Middle/Junior High Programs	2,415,675.63	1,570,587.86	781,175.27
1131 High School Programs	4,234,356.84	2,664,837.17	1,473,596.31
1210 Programs for the Talented and Gifted	-	-	-
1220 Restrictive Programs for Students with Disabilities	3,134,095.36	1,803,722.36	929,882.83
1280 Alternative Education	1,506,961.89	-	-
1291 English Second Language Programs	239,035.25	138,461.33	97,088.97
Total Instruction Expenditures	\$ 16,790,811.50	\$ 9,587,987.09	\$ 5,020,544.20
Support Services Expenditures	Totals	Object 100	Object 200
2120 Guidance Services	\$ 428,843.43	\$ 290,270.37	\$ 138,573.06
2130 Health Services	180,744.51	112,464.71	65,719.49
2140 Psychological Services	347,849.22	220,112.11	120,805.13
2150 Speech Pathology and Audiology Services	336,514.03	225,579.33	107,604.68
2160 Other Student Treatment Services	115,746.00	-	-
2190 Service Direction, Student Support Services	257,056.18	144,314.23	88,294.53
2210 Improvement of Instruction Services	290,546.89	191,960.91	95,263.29
2220 Educational Media Services	263,952.94	154,662.03	87,000.38
2310 Board of Education Services	12,111.54	-	-
2320 Executive Administration Services	350,235.00	202,555.08	83,528.14
2410 Office of the Principal Services	2,732,483.56	1,758,866.86	973,616.70
2520 Fiscal Services	485,356.76	187,533.92	113,060.33
2540 Operation and Maintenance of Plant Services	2,954,976.01	1,038,479.73	733,457.31
2550 Student Transportation Services	2,441,533.89	1,184,250.84	854,632.14
2640 Staff Services	219,118.57	103,566.83	48,187.44
2660 Technology Services	712,643.51	282,670.40	166,328.76
Total Support Services Expenditures	\$ 12,129,712.04	\$ 6,097,287.35	\$ 3,676,071.38
Other Uses Expenditures	Totals	Object 100	Object 200
5200 Transfers of Funds	\$ 1,808,000.00	\$ -	\$ -
Total Other Uses Expenditures	\$ 1,808,000.00	\$ -	\$ -
Grand Total	\$ 30,728,523.54	\$ 15,685,274.44	\$ 8,696,615.58

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 27,404.25	\$ 84,103.09	\$ -	\$ -	\$ -
17,435.46	46,477.04	-	-	-
25,176.97	70,746.39	-	-	-
-	-	-	-	-
398,752.17	1,738.00	-	-	-
1,506,961.89	-	-	-	-
2,523.68	961.27	-	-	-
\$ 1,978,254.42	\$ 204,025.79	\$ -	\$ -	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ -
78.00	2,342.81	-	139.50	-
-	6,931.98	-	-	-
298.73	3,031.29	-	-	-
115,746.00	-	-	-	-
17,193.02	7,254.40	-	-	-
414.95	2,840.24	-	67.50	-
7,647.60	14,642.93	-	-	-
3,944.15	2,999.95	-	5,167.44	-
53,357.50	4,661.53	-	6,132.75	-
-	-	-	-	-
129,331.57	45,727.81	-	9,703.13	-
831,737.58	100,869.46	-	250,431.93	-
39,491.62	306,932.67	-	56,226.62	-
45,657.49	20,991.81	-	715.00	-
97,991.48	115,644.29	-	50,008.58	-
\$ 1,342,889.69	\$ 634,871.17	\$ -	\$ 378,592.45	\$ -

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 1,808,000.00
\$ -	\$ -	\$ -	\$ -	\$ 1,808,000.00
\$ 3,321,144.11	\$ 838,896.96	\$ -	\$ 378,592.45	\$ 1,808,000.00

SOUTH LANE SCHOOL DISTRICT NO. 45J3

Cottage Grove, Oregon

EXPENDITURE SUMMARY - SPECIAL REVENUE FUND

06/30/2020

Instruction Expenditures

	Totals	Object 100	Object 200
1111 Elementary, K-5 or K-6	\$ 41,723.49	\$ 23,451.50	\$ 10,046.75
1113 Elementary Extracurricular	102,642.85	-	-
1121 Middle/Junior High Programs	102,425.79	38,499.35	42,728.10
1122 Middle/Junior High School Extracurricular	66,107.62	-	-
1131 High School Programs	466,081.22	242,735.33	126,389.75
1132 High School Extracurricular	779,649.80	288,187.67	61,005.94
1140 Pre-Kindergarten Programs	444,271.41	264,907.34	170,467.15
1210 Programs for the Talented and Gifted	1,642.31	1,386.00	171.09
1220 Restrictive Programs for Students with Disabilities	575,177.80	301,526.33	272,287.50
1270 Educationally Disadvantaged	8,772.08	7,313.08	1,459.00
1272 Title I	676,939.48	389,237.25	250,867.01
1280 Alternative Education	126,619.39	65,469.26	52,003.94
Total Instruction Expenditures	\$ 3,392,053.24	\$ 1,622,713.11	\$ 987,426.23

Support Services Expenditures

	Totals	Object 100	Object 200
2110 Attendance and Social Work Services	\$ 184,836.35	\$ 103,232.11	\$ 50,923.26
2130 Health Services	77,813.10	30,087.57	11,065.59
2190 Service Direction, Student Support Services	-	-	-
2210 Improvement of Instruction Services	352,709.86	149,300.68	88,614.27
2240 Instructional Staff Development	45,997.05	16,647.67	2,168.81
2550 Student Transportation Services	613,236.83	-	-
2630 Information Services	75,193.14	29,264.23	13,244.05
2640 Staff Services	6,542.94	5,395.00	1,147.94
2660 Technology Services	188,504.43	-	-
2690 Other Support Services - Central	43,062.23	16,144.28	3,736.20
2700 Supplemental Retirement Program	128,299.00	21,850.00	106,449.00
Total Support Services Expenditures	\$ 1,716,194.93	\$ 371,921.54	\$ 277,349.12

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200
3100 Food Services	\$ 1,461,378.43	\$ 526,677.83	\$ 366,658.17
3300 Community Services	324,897.04	102,664.73	51,476.73
Total Enterprise and Community Services	\$ 1,786,275.47	\$ 629,342.56	\$ 418,134.90

Other Uses Expenditures

	Totals	Object 100	Object 200
5100 Debt Service	\$ 178,478.16	\$ -	\$ -
5200 Transfers of Funds	\$ -	\$ -	\$ -
Total Other Uses Expenditures	\$ 178,478.16	\$ -	\$ -

Grand Total

	\$ 7,073,001.80	\$ 2,623,977.21	\$ 1,682,910.25
--	------------------------	------------------------	------------------------

Object 300	Object 400	Object 500	Object 600
\$ 5,684.00	\$ 2,541.24	\$ -	\$ -
10,577.36	65,754.80	-	26,310.69
7,663.93	13,534.41	-	-
3,094.89	49,797.28	-	13,215.45
10,314.03	85,688.11	-	954.00
74,818.96	280,837.38	-	74,799.85
1,861.78	7,035.14	-	-
-	85.22	-	-
-	1,363.97	-	-
-	-	-	-
579.32	36,255.90	-	-
4,529.22	4,616.97	-	-
\$ 119,123.49	\$ 547,510.42	\$ -	\$ 115,279.99

Object 300	Object 400	Object 500	Object 600
\$ 22,656.39	\$ 8,024.59	\$ -	\$ -
24,137.00	12,522.94	-	-
-	-	-	-
6,827.91	107,967.00	-	-
14,832.07	12,348.50	-	-
-	747.83	612,489.00	-
18,209.00	2,658.86	-	11,817.00
-	-	-	-
11,039.74	155,157.91	-	22,306.78
2,746.18	7,715.57	-	12,720.00
-	-	-	-
\$ 100,448.29	\$ 307,143.20	\$ 612,489.00	\$ 46,843.78

Object 300	Object 400	Object 500	Object 600
\$ 26,369.83	\$ 540,292.65	\$ -	\$ 1,379.95
136,242.00	31,724.37	-	2,789.21
\$ 162,611.83	\$ 572,017.02	\$ -	\$ 4,169.16

Object 300	Object 400	Object 500	Object 600
\$ -	\$ -	\$ -	\$ 178,478.16
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ 178,478.16
\$ 382,183.61	\$ 1,426,670.64	\$ 612,489.00	\$ 344,771.09

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2020

Other Uses Expenditures

5100 Debt Service

Totals	Object 600
\$ 3,075,326.30	\$ 3,075,326.30

Total Other Uses Expenditures \$ 3,075,326.30 \$ 3,075,326.30

Grand Total

\$ 3,075,326.30 \$ 3,075,326.30

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

For the Year Ended June 30, 2020

Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2540 Operation and Maintenance of Plant Services	\$ 422,846.62	\$ 2,177.03	\$ 630.31	\$ 261,621.84	\$ 149,259.30	\$ -	\$ 9,158.14	\$ -
2660 Technology Services	1,082,251.50	-	-	1,082,251.50	-	-	-	-
Total Support Services Expenditures	\$ 1,505,098.12	\$ 2,177.03	\$ 630.31	\$ 1,343,873.34	\$ 149,259.30	\$ -	\$ 9,158.14	\$ -
Facilities Acquisition and Construction	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4150 Building Acquisition, Construction, Improvement	\$ 5,603,493.19	\$ 11,816.67	\$ 3,783.70	\$ 333,773.76	\$ 175,795.46	\$ 5,076,193.06	\$ 2,130.54	\$ -
Total Facilities Acquisition and Construction	\$ 5,603,493.19	\$ 11,816.67	\$ 3,783.70	\$ 333,773.76	\$ 175,795.46	\$ 5,076,193.06	\$ 2,130.54	\$ -
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	\$ 150,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00
Total Other Uses Expenditures	\$ 150,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00
Grand Total	\$ 7,258,591.31	\$ 13,993.70	\$ 4,414.01	\$ 1,677,647.10	\$ 325,054.76	\$ 5,076,193.06	\$ 11,288.68	\$ 150,000.00

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

For the Year Ended June 30, 2020

Other Uses Expenditures

5100 Debt Service

	Totals	Object 600
	\$ 2,366,260.00	\$ 2,366,260.00
Total Other Uses Expenditures	\$ 2,366,260.00	\$ 2,366,260.00
	\$ 2,366,260.00	\$ 2,366,260.00

Grand Total

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

EXPENDITURE SUMMARY - TRUST AND AGENCY FUNDS

For the Year Ended June 30, 2020

Instruction Expenditures	Totals	Object 300	Object 400
1132 High School Extracurricular	\$ -	\$ -	\$ -
Total Instruction Expenditures	\$ -	\$ -	\$ -
Support Services Expenditures	Totals	Object 300	Object 400
2130 Health Services	\$ 25.64	\$ -	\$ 25.64
Total Support Services Expenditures	\$ 25.64	\$ -	\$ 25.64
Enterprise and Community Services	Totals	Object 300	Object 400
3300 Community Services	\$ 5,320.00	\$ 5,320.00	\$ -
Total Enterprise and Community Services	\$ 5,320.00	\$ 5,320.00	\$ -
Grand Total	\$ 5,345.64	\$ 5,320.00	\$ 25.64

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF
 BONDED DEBT

June 30, 2020

Fiscal Year	TOTAL ALL REQUIREMENTS			GENERAL OBLIGATION BONDS 2012 Refunding		
	Total	Principal	Interest	Total	Principal	Interest
2021	\$ 5,529,821	\$ 2,663,952	\$ 2,865,869	\$ 2,022,125	\$ 1,610,000	\$ 412,125
2022	5,684,074	2,811,275	2,872,799	2,033,050	1,720,000	313,050
2023	5,879,811	2,967,209	2,912,602	2,076,925	1,835,000	241,925
2024	6,019,523	4,685,000	1,334,523	2,136,375	1,985,000	151,375
2025	6,293,642	5,150,000	1,143,642	2,248,750	2,145,000	103,750
2026	6,523,532	5,645,000	878,532	-	-	-
2027	6,766,868	6,160,000	606,868	-	-	-
2028	5,094,480	4,785,000	309,480	-	-	-
2029	5,659,700	5,530,000	129,700	-	-	-
2030	3,473,557	2,615,000	858,557	-	-	-
2031	3,643,035	2,685,000	958,035	-	-	-
2032	3,820,778	2,760,000	1,060,778	-	-	-
2033	3,999,505	2,835,000	1,164,505	-	-	-
2034	4,182,850	2,915,000	1,267,850	-	-	-
2035	4,369,016	2,995,000	1,374,016	-	-	-
2036	4,557,765	3,075,000	1,482,765	-	-	-
2037	4,759,655	3,160,000	1,599,655	-	-	-
2038	4,954,206	3,245,000	1,709,206	-	-	-
2039	5,151,541	3,335,000	1,816,541	-	-	-
2040	5,361,175	3,433,000	1,928,175	-	-	-
2041	5,566,328	3,525,000	2,041,328	-	-	-
TOTALS	<u>\$ 107,290,862</u>	<u>\$ 76,975,436</u>	<u>\$ 30,315,426</u>	<u>\$ 10,517,225</u>	<u>\$ 9,295,000</u>	<u>\$ 1,222,225</u>

(Continued)

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF
 BONDED DEBT

June 30, 2020

(Continued)

Fiscal Year	GENERAL OBLIGATION BONDS 2016A			GENERAL OBLIGATION BONDS 2016B		
	Total	Principal	Interest	Total	Principal	Interest
2021	\$ -	\$ -	\$ -	\$ 958,688	\$ 395,000	\$ 563,688
2022	-	-	-	977,888	430,000	547,888
2023	-	-	-	1,000,688	470,000	530,688
2024	-	-	-	1,021,888	510,000	511,888
2025	-	-	-	1,046,488	555,000	491,488
2026	-	-	-	3,384,288	2,915,000	469,288
2027	-	-	-	3,477,688	3,125,000	352,688
2028	-	-	-	3,572,688	3,345,000	227,688
2029	-	-	-	3,659,700	3,530,000	129,700
2030	3,473,557	2,615,000	858,557	-	-	-
2031	3,643,035	2,685,000	958,035	-	-	-
2032	3,820,778	2,760,000	1,060,778	-	-	-
2033	3,999,505	2,835,000	1,164,505	-	-	-
2034	4,182,850	2,915,000	1,267,850	-	-	-
2035	4,369,016	2,995,000	1,374,016	-	-	-
2036	4,557,765	3,075,000	1,482,765	-	-	-
2037	4,759,655	3,160,000	1,599,655	-	-	-
2038	4,954,206	3,245,000	1,709,206	-	-	-
2039	5,151,541	3,335,000	1,816,541	-	-	-
2040	5,361,175	3,433,000	1,928,175	-	-	-
2041	<u>5,566,328</u>	<u>3,525,000</u>	<u>2,041,328</u>	-	-	-
TOTALS	<u>\$ 53,839,411</u>	<u>\$ 36,578,000</u>	<u>\$ 17,261,411</u>	<u>\$ 19,100,004</u>	<u>\$ 15,275,000</u>	<u>\$ 3,825,004</u>

(Continued)

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF
 BONDED DEBT

June 30, 2020

(Continued)

Fiscal Year	QUALIFIED ZONE ACADEMY BONDS 2008			LIMITED TAX PENSION BONDS SERIES 2003		
	Total	Principal	Interest	Total	Principal	Interest
2021	\$ 67,747	\$ 65,000	\$ 2,747	\$ 2,481,261	\$ 593,952	\$ 1,887,309
2022	71,876	70,000	1,876	2,601,260	591,275	2,009,985
2023	70,938	70,000	938	2,731,260	592,209	2,139,051
2024	-	-	-	2,861,260	2,190,000	671,260
2025	-	-	-	2,998,404	2,450,000	548,404
2026	-	-	-	3,139,244	2,730,000	409,244
2027	-	-	-	3,289,180	3,035,000	254,180
2028	-	-	-	1,521,792	1,440,000	81,792
TOTALS	\$ 210,561	\$ 205,000	\$ 5,561	\$ 21,623,661	\$ 13,622,436	\$ 8,001,225

QUALIFIED ZONE ACADEMY BONDS
2014

Fiscal Year	Total	Principal	Interest
2029	\$ 2,000,000	\$ 2,000,000	\$ -

SOUTH LANE SCHOOL DISTRICT
TAXPAYER PROPERTY VALUES BY YEAR
For the Nine Years Ended June 30, 2020

Fiscal Year	Lane County		Douglas County		Total District	
	Real Market Value	AV Used to Calculate Rates	Real Market Value	AV Used to Calculate Rates	Real Market Value	AV Used to Calculate Rates
2020	\$2,829,039,935	\$1,622,681,254	\$3,979,114	\$3,015,770	\$2,833,019,049	\$1,625,697,024
2019	\$2,638,156,869	\$1,567,695,624	\$3,960,314	\$2,927,009	\$2,642,117,183	\$1,570,622,633
2018	\$2,436,194,690	\$1,496,246,775	\$3,228,704	\$2,677,760	\$2,439,423,394	\$1,498,924,535
2017	2,255,987,221	1,442,250,882	3,381,550	2,831,903	2,259,368,771	1,445,082,785
2016	2,476,522,544	1,395,551,996	3,437,002	2,702,157	1,745,998,932	1,398,254,153
2015	2,056,195,266	1,335,326,342	3,301,806	2,608,978	1,633,833,232	1,337,935,320
2014	1,964,115,239	1,286,426,813	2,864,457	2,170,090	1,551,174,830	1,288,596,903
2013	1,902,470,085	1,245,736,175	3,054,477	2,073,423	1,506,594,960	1,247,809,598
2012	1,969,363,759	1,241,341,323	3,007,987	2,121,018	1,574,068,876	1,243,462,341
2011	2,015,108,168	1,213,407,398	3,060,713	2,081,328	1,631,543,761	1,215,488,726

Permanent Tax Rate \$4.7532 per \$1,000 of Assessed Value

SOUTH LANE SCHOOL DISTRICT
TOP TAXPAYERS IN LANE COUNTY
For the Year Ended June 30, 2020

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
International Paper (IP Eat Three LLC)	Wood Products	\$4,015,655	\$312,766,166	23.09%
Century Link	Telecommunications	2,485,433	161,519,999	11.92%
Valley River Center LLC	Retail/Commercial	2,155,817	188,350,061	13.90%
Comcast Corporation	Telecommunications	1,923,750	110,027,000	8.12%
Verizon Communications	Telecommunications	1,787,184	111,711,000	8.25%
Northwest Natural Gas Co.	Natural Gas Utility	1,665,838	109,753,029	8.10%
Shepard Investment Group LLC	Apartments	1,590,898	88,706,837	6.55%
Mckenzie Willamette Regional Medical CTR	Medical Services	1,495,720	81,074,603	5.98%
Weyerhaeuser NR Company	Wood Products	1,459,262	112,248,874	8.29%
BRFI Gateway LLC	Retail/Commercial	1,443,024	78,541,377	5.80%
Subtotal - ten of County's largest taxpayers			<u>1,354,698,946</u>	<u>100.00%</u>
Total			<u><u>1,354,698,946</u></u>	<u><u>100.00%</u></u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amount paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY
STATE REGULATIONS**



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

Board of Directors
South Lane School District No. 45J3
Cottage Grove, Oregon 97424

We have audited the basic financial statements of South Lane School District No. 45J3 as of and for the year ended June 30, 2020 and have issued our report thereon dated November 30, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether South Lane School District No. 45J3'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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

State school fund factors and calculation

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. The District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Special Projects	Debt services	\$ 178,290	\$ 178,478	\$ 188
Special Revenue	Enterprise and community	-	7,145	7,145

2. The District budgeted for contingency in the Debt Service Fund

Per Oregon budget law, contingency should only be budgeted in operating funds.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, as defined above. 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.

This report is intended solely for the information and use of the board of directors and management of South Lane School District No. 45J3 and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.


Accuity, LLC

November 30, 2020

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2020

Part A is needed for computing Oregon’s full allocation for ESEA, Title I, and other Federal Funds for Education.

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

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

	Objects 325 and 326
Function 2540	\$ 535,567
Function 2550	\$ 14,270

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

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

\$ -

Exclude these functions: Exclude these functions:

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

SINGLE AUDIT SECTION

**SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

<u>Program Title</u>	<u>Pass Through Organization</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
Department of Agriculture:					
Child Nutrition Cluster:					
Donated Commodities (Non-Cash Assist)	Oregon Department of Education	10.555	N/A	\$ 112,571	\$ -
School Breakfast Program	Oregon Department of Education	10.553	N/A	279,062	-
National School Lunch Program	Oregon Department of Education	10.555	N/A	584,007	-
Total Child Nutrition Cluster				<u>975,640</u>	<u>-</u>
Fresh Fruit and Vegetable Program	Oregon Department of Education	10.582	Multiple	50,572	-
Schools & Roads (Federal Forest Fees)	Lane County	10.665	N/A	103,096	-
Kennedy Conservation Corp	Umpqua National Forest, USFS	10.679	13-PA-11061500-008	1,283	-
				<u>154,951</u>	<u>-</u>
Total Department of Agriculture				<u>1,130,591</u>	<u>-</u>
Department of Defense:					
Youth Conservation Services	U.S. Army Corp of Engineers	12.010	W9127N-16-2-0004-0004	5,100	-
Total Department of Defense				<u>5,100</u>	<u>-</u>
Department of the Interior:					
Secure Rural Schools	Bureau of Land Management	15.234	L16AC00315-0002	7,164	
Secure Rural Schools	Bureau of Land Management	15.234	L16AC00315-0003	6,171	-
Total Department of the Interior				<u>13,335</u>	<u>-</u>
Department of Labor:					
WIOA Youth Activities - in school	Lane Workforce Partnership	17.259	31124	30,728	-
WIOA Youth Activities - out of school	Lane Workforce Partnership	17.259	31124	94,609	-
Total WIOA Cluster				<u>125,337</u>	<u>-</u>
Total Department of Labor				<u>125,337</u>	<u>-</u>
Federal Communications Commission:					
USF- E-Rate - Schools and Libraries	Universal Service Administrative Co	32.004	1999056032	997,779	-
Total Federal Communications Commission				<u>997,779</u>	<u>-</u>

(continued)

(continued)		Federal CFDA Number	Pass Through Entity Number	Expenditures	Passed Through to Subrecipients
<u>Program Title</u>	<u>Pass Through Organization</u>				
Environmental Protection Agency:					
State Clean Diesel Grant Program	OR Dept. of Environmental Quality	66.040	DS 01J35901-2	109,157	-
Department of Education:					
Title I, Grants to Local Education Agencies (LEAs)					
ESSA D&SI District Engagement	Oregon Department of Education	84.010	52069	79,888	-
Title IA/D	Oregon Department of Education	84.010	53374	694,023	-
ESSA Partnerships	Oregon Department of Education	84.010	54318	72,645	-
Total Title I, Grants to LEAs				846,556	-
Title IIA - Teacher Quality					
	Oregon Department of Education	84.367	49413	15,870	-
	Oregon Department of Education	84.367	53636	24,771	-
Total Title IIA - Teacher Quality				40,641	-
Title IVA - Student Support and Academic Enrichment					
	Oregon Department of Education	84.424	54627	44,565	-
Total Title IVA - Student Support and Academic Enrichment				44,565	-
Special Education Cluster (IDEA)					
Special Education Grants to States (IDEA, Part B)					
IDEA Enhancement 2018-19	Oregon Department of Education	84.027	51375	1,364	-
IDEA - Part B, Section 611	Oregon Department of Education	84.027	53889	533,251	-
IDEA - Part B, Section 611	Oregon Department of Education	84.027	56755	6,847	-
Total IDEA, Part B				541,462	-
Special Education Preschool Grants (IDEA Preschool)					
IDEA - Part B, Section 619, 2018-19	Oregon Department of Education	84.173	50193	615	-
IDEA - Part B, Section 619, 2019-20	Oregon Department of Education	84.173	54085	5,505	-
Total IDEA Preschool				6,120	-
Total Special Education Cluster				547,582	-

(continued)

(continued)		Federal CFDA Number	Pass Through Entity Number	Expenditures	Passed Through to Subrecipients
<u>Program Title</u>	<u>Pass Through Organization</u>				
Carl D. Perkins - Basic	Lane Educational Service District	84.048	N/A	24,323	-
Total Carl D. Perkins - Basic				24,323	-
Youth Transition Program	Lane Educational Service District	84.126	N/A	28,960	-
Total Youth Transition Program				28,960	-
Gear Up Program - Regular	Oregon University System	84.334	N/A	2,695	-
	Oregon University System	84.334	N/A	10,000	-
Total Gear Up Program - Regular				12,695	-
Total Passed Through Oregon Department of Education				1,479,344	-
Total Department of Education				1,545,322	-
Department of Health & Human Services:					
Foster Care Transportation Reimbursement	Oregon Department of Education	93.658	47541	968	-
Total Department of Health & Human Services				968	-
Total Grants Expended or Passed Through to Subrecipients				3,927,589	-
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 3,927,589	

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

I. PURPOSE OF SCHEDULE

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of South Lane School District No. 45J3's under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Lane School District No. 45J3, it is not intended to and does not present the financial position, changes in net position, or cash flows of South Lane School District No. 45J3.

II. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. South Lane School District No. 45J3 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

B. Federal Financial Assistance

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

C. Major Programs

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

D. Reporting Entity

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the schedule of expenditures of federal awards includes all federal programs administered by the District for the year ended June 30, 2020.

E. Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.



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

Board of Directors
South Lane School District No. 45J3
Cottage Grove, Oregon 97424

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of South Lane School District No. 45J3 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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. We did not identify any deficiencies in internal control that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Lane School District No. 45J3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests discloses instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, as follows:

1. The District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Special Projects	Debt services	\$ 178,290	\$ 178,478	\$ 188
Special Revenue	Enterprise and community	-	7,145	7,145

2. The District budgeted for contingency in the Debt Service Fund

Per Oregon budget law, contingency should only be budgeted in operating funds.

Purpose of this Report

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



Accuity, LLC

Albany, Oregon
November 30, 2020



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

Board of Directors
South Lane School District No. 45J3
Cottage Grove, Oregon 97424

Report on Compliance for Each Major Federal Program

We have audited South Lane School District No. 45J3 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, 2020. 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 grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 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, South Lane School District No. 45J3 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, 2020.


Report on Internal Control Over Compliance

Management of South Lane School District No. 45J3 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 a 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 a significant deficiency.

This 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.


Accuity, LLC
Albany, Oregon
November 30, 2020

SOUTH LANE SCHOOL DISTRICT NO. 45J3
Cottage Grove, Oregon

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A
10.55X	Child Nutrition Cluster
32.004	Universal Service Fund - Schools and Libraries

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

SECTION II - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

<u><i>Finding Number</i></u>	<u><i>Finding</i></u>
2019-001	Corrected this fiscal year.