

**SOUTH COAST EDUCATION  
SERVICE DISTRICT  
Coos County, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2021



**SOUTH COAST EDUCATION SERVICE DISTRICT  
Coos County, Oregon**

**DISTRICT OFFICIALS**

June 30, 2021

**BOARD OF DIRECTORS**

Billie Reeves, Chair  
P.O. Box 1244  
Bandon, Oregon 97411

Corinne Potts, Vice Chair  
851 S. 5<sup>th</sup> Street  
Coos Bay, Oregon 97420

Fred Brick  
781 17<sup>th</sup> Avenue  
Coos Bay, Oregon 97420

Jackie Crook  
23710 Carpenterville Road  
Brookings, Oregon 97415

Bruce Levy  
P.O. Box 811  
Port Orford, Oregon 97465

Charles Ostmeyer  
3010 Morris Place  
Reedsport, Oregon 97467

Marie Simonds  
89351 Sunny Loop Lane  
Bandon, Oregon 97411

**ADMINISTRATION**

Charis McGaughy, Interim Superintendent  
(Effective 8/16/2021)

Tenneal Wetherell, Superintendent  
(Resigned 6/30/2021)

Jerod Nunn, Director of Finance

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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## **FINANCIAL SECTION**

**KOONTZ, BLASQUEZ**  
ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
South Coast Education Service District  
Coos Bay, Oregon 97420

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Coast Education Service District, Coos County, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Basis for Qualified Opinion**

South Coast Education Service District is required by Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* to record other postemployment benefits. Although the information for the Retirement Health Insurance Account (RHIA) was available, we were unable to obtain sufficient appropriate audit evidence with regard to the valuation for the implicit rate subsidy for retiree health benefits at the time of the audit. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. In addition, the District is required by GASB Statement No. 84, *Fiduciary Activities*, to change the presentation of the Agency Fund in order to correctly follow the new criteria for fiduciary activities. The impact of GASB Statement No. 84 could not be determined.

## **Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of South Coast Education Service District, Coos County, Oregon as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, and budgetary comparison information on pages 5 through 12, 58, 59, 60, 61, and 62 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a required 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, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), and schedule of contributions – other postemployment benefits 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, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), or schedule of contributions – other postemployment benefits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Coast Education Service District's basic financial statements. The combining statements, individual fund schedules, revenue and expenditure summaries, schedule of property tax transactions, supplemental information required by the Oregon Department of Education, and the schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, individual fund schedules, revenue and expenditure summaries, and the schedule of expenditures of federal awards are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, individual fund schedules, revenue and expenditure summaries, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021 on our consideration of South Coast Education Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of South Coast Education Service District's 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 South Coast Education Service District's internal control over financial reporting and compliance.

## Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 10, 2021 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Koontz, Blasquez & Associates, P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
December 10, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **SOUTH COAST EDUCATION SERVICE DISTRICT**

## **Coos County, Oregon**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **INTRODUCTION**

As management of South Coast Education Service District, Coos County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- At June 30, 2021, total net position of South Coast Education Service District amounted to \$(2,468,961). Of this amount, \$2,237,560 was invested in capital assets, net of related debt. The remaining balance included \$936,128 restricted for various purposes and \$(5,642,649) of unrestricted net position.
- At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$3,282,957.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to South Coast Education Service District'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).

The government-wide financial statements can be found on pages 13 through 15 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 Coast Education Service District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **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 four 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 and Special Revenue Funds, both of which are considered to be major governmental funds. Data from the nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

South Coast Education Service District adopts an annual appropriated budget for all of its governmental 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 16 through 19 of this report.

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains two proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses its enterprise fund to account for its financial accounting software, technology, transportation, and internet service. The Enterprise Fund does not meet the quantitative criteria in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* as amended, for presentation as a major fund; however, management considers the fund to be particularly important to financial statement users and has therefore elected to present the Enterprise Fund as a major proprietary fund.

# **SOUTH COAST EDUCATION SERVICE DISTRICT**

## **Coos County, Oregon**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

South Coast Education Service District adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic proprietary fund financial statements can be found on pages 20 through 23 of this report.

#### **□ Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of other component school districts. 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.

The basic fiduciary fund financial statements can be found on page 24 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 25 through 57 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 the schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, and budgetary comparison information for the General and Special Revenue Funds. This required supplementary information can be found on pages 58 through 63 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund schedules can be found on pages 64 through 69 of this report.

### **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, 2021, the District's liabilities exceeded its assets by \$2,468,961.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion of the District's net position reflects its investment in capital assets (e.g., buildings and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for supporting services provided to other local educational agencies; 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 \$352,019 during the current fiscal year.

Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	2021	2020	2021	2020	2021	2020
<b>Assets and deferred outflows of resources</b>						
Current assets	\$ 2,694,749	\$ 2,849,835	\$ 200,328	\$ 193,194	\$ 2,895,077	\$ 3,043,029
Restricted assets	1,848,836	1,449,890	-	-	1,848,836	1,449,890
Net capital assets	2,779,174	2,819,110	8,960	11,944	2,788,134	2,831,054
Noncurrent assets	129,329	82,466	611	254	129,940	82,720
Deferred outflows of resources	<u>5,184,739</u>	<u>3,703,389</u>	<u>24,487</u>	<u>11,426</u>	<u>5,209,226</u>	<u>3,714,815</u>
Total assets and deferred outflows of resources	<u>12,636,827</u>	<u>10,904,690</u>	<u>234,386</u>	<u>216,818</u>	<u>12,871,213</u>	<u>11,121,508</u>
<b>Liabilities and deferred inflows of resources</b>						
Current liabilities	1,044,562	1,464,684	3,914	3,914	1,048,476	1,468,598
Noncurrent liabilities	13,399,584	10,183,114	60,701	29,565	13,460,285	10,212,679
Deferred inflows of resources	<u>827,505</u>	<u>1,552,383</u>	<u>3,908</u>	<u>4,790</u>	<u>831,413</u>	<u>1,557,173</u>
Total liabilities and deferred inflows of resources	<u>15,271,651</u>	<u>13,200,181</u>	<u>68,523</u>	<u>38,269</u>	<u>15,340,174</u>	<u>13,238,450</u>
<b>Net position</b>						
Net investment in capital assets	2,228,600	2,233,529	8,960	11,944	2,237,560	2,245,473
Restricted	936,128	882,394	-	-	936,128	882,394
Unrestricted	<u>(5,799,552)</u>	<u>(5,411,414)</u>	<u>156,903</u>	<u>166,605</u>	<u>(5,642,649)</u>	<u>(5,244,809)</u>
Total net position	<u>\$ (2,634,824)</u>	<u>\$ (2,295,491)</u>	<u>\$ 165,863</u>	<u>\$ 178,549</u>	<u>\$ (2,468,961)</u>	<u>\$ (2,116,942)</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, 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.

**Condensed Statement of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Program revenues</b>						
Special programs	\$ 5,910,389	\$ 4,226,714	\$ -	\$ -	\$ 5,910,389	\$ 4,226,714
Student support services	2,339,174	2,525,142	-	-	2,339,174	2,525,142
Central activities support	<u>667,644</u>	<u>746,324</u>	<u>178,473</u>	<u>166,325</u>	<u>846,117</u>	<u>912,649</u>
Total program revenues	<u>8,917,207</u>	<u>7,498,180</u>	<u>178,473</u>	<u>166,325</u>	<u>9,095,680</u>	<u>7,664,505</u>
<b>General revenues</b>						
Property taxes - general	4,031,147	3,932,031	-	-	4,031,147	3,932,031
Unrestricted state and local revenue	2,902,679	2,242,282	-	-	2,902,679	2,242,282
Insurance proceeds	48,425	104,569	-	-	48,425	104,569
Investment earnings	37,989	65,443	-	-	37,989	65,443
Miscellaneous	<u>234,172</u>	<u>135,390</u>	<u>-</u>	<u>400</u>	<u>234,172</u>	<u>135,790</u>
Total general revenues	<u>7,254,412</u>	<u>6,479,715</u>	<u>-</u>	<u>400</u>	<u>7,254,412</u>	<u>6,480,115</u>
Total revenues	<u>16,171,619</u>	<u>13,977,895</u>	<u>178,473</u>	<u>166,725</u>	<u>16,350,092</u>	<u>14,144,620</u>
<b>Program expenses</b>						
Special programs	7,109,467	6,453,487	-	-	7,109,467	6,453,487
Student support services	3,615,871	3,907,180	6	-	3,615,877	3,907,180
Instructional staff support	1,302,355	809,595	-	-	1,302,355	809,595
General administrative support	889,312	569,609	-	-	889,312	569,609
School administration	79,390	56,310	-	-	79,390	56,310
Business support services	1,138,771	924,683	-	49	1,138,771	924,732
Central activities support	727,519	725,541	188,169	191,522	915,688	917,063
Enterprise and community services	144,735	821	-	-	144,735	821
Apportionment of funds by ESD	1,827,870	1,069,668	-	-	1,827,870	1,069,668
Unallocated depreciation expense	208,015	196,784	2,984	2,984	210,999	199,768
Interest on long-term debt	<u>16,978</u>	<u>18,298</u>	<u>-</u>	<u>-</u>	<u>16,978</u>	<u>18,298</u>
Total program expenses	<u>17,060,283</u>	<u>14,731,976</u>	<u>191,159</u>	<u>194,555</u>	<u>17,251,442</u>	<u>14,926,531</u>
Transfers	<u>549,331</u>	<u>(241,171)</u>	<u>-</u>	<u>(40,000)</u>	<u>549,331</u>	<u>(281,171)</u>
<b>Change in net position</b>	<b>(339,333)</b>	<b>(995,252)</b>	<b>(12,686)</b>	<b>(67,830)</b>	<b>(352,019)</b>	<b>(1,063,082)</b>
<b>Net position - beginning of year</b>	<u>(2,295,491)</u>	<u>(1,300,239)</u>	<u>178,549</u>	<u>246,379</u>	<u>(2,116,942)</u>	<u>(1,053,860)</u>
<b>Net position - end of year</b>	<u>\$ (2,634,824)</u>	<u>\$ (2,295,491)</u>	<u>\$ 165,863</u>	<u>\$ 178,549</u>	<u>\$ (2,468,961)</u>	<u>\$ (2,116,942)</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**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.

At the end of the current fiscal year, the District's major governmental funds reported combined fund balances of \$3,278,434, an increase of \$735,049 over the prior year. This amount included \$46,349 of nonspendable amounts related to prepaid expenses and \$931,605 restricted for special programs. The remaining \$2,300,480 constitutes unassigned fund balance available for spending at the District's discretion.

Significant Changes in Major Governmental Fund Balances

General Fund

- Nonspendable fund balance decreased by 61.6% due to a decrease in prepaid expenses.
- Unassigned fund balance increased by 49.2% due to higher than expected revenue from the state and lower than expected expenditures due to COVID-19.

**Proprietary Funds**

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the proprietary funds at year-end amounted to \$184,625. Of this amount, \$8,960 was invested in capital assets and the remaining amount of \$175,665 was unrestricted.

Significant Changes in Proprietary Fund Net Position

Enterprise Fund

- Net position invested in capital assets decreased by 25% due to assets being fully depreciated.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BUDGETARY HIGHLIGHTS: GENERAL FUND**

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2021 include:

- State revenue was budgeted for \$2,239,553. Actual revenues were \$2,902,679 (29.6% over budget) due to unexpected component districts' charter school average daily membership (ADM) increases.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$2,779,174 and \$8,960, net of accumulated depreciation, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, and vehicles. The total depreciation related to the District's investment in capital assets for its governmental and business-type activities during the current fiscal year amounted to \$208,015 and \$2,984, respectively.

Additional information on the District's capital assets can be found in Note III-B on pages 36 through 37 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the District had total debt outstanding of \$550,574. This amount is comprised of three capital leases and a loan. The District's total debt outstanding decreased by \$35,007 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-E on pages 39 through 40 of this report.

**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 circumstances that could affect its future financial health:

- State economic forecasts look positive, and the state's budget includes education funding that will cover operations well, even while dealing with the continuing COVID-19 pandemic.
- The District will be negotiating with all three of its bargaining units in the coming year. There is no way to accurately determine how those negotiations will affect District operations in the coming years.
- Significant changes in administrative personnel in the 2021-2022 year will bring new ideas, as well as challenges in budgeting.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

All of these factors were considered in preparing the District's budget for fiscal year 2021-2022. The District is working to identify efficiencies and cost-saving measures to ensure continued support to school districts and students.

The ending unassigned General Fund balance of \$2,300,480 will be available for program resources in fiscal year 2021-2022.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of South Coast Education Service District's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Director of Finance, Jerod Nunn, South Coast Education Service District, 1350 Teakwood Avenue, Coos Bay, Oregon 97420.

## **BASIC FINANCIAL STATEMENTS**

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets			
Cash and cash equivalents	\$ 2,052,108	\$ 135,537	\$ 2,187,645
Undistributed taxes with county	36,841	-	36,841
Accounts receivable	508	-	508
Property taxes receivable	285,033	-	285,033
Inventories	-	784	784
Intergovernmental receivables	273,910	-	273,910
Prepays	46,349	64,007	110,356
Total current assets	2,694,749	200,328	2,895,077
Restricted assets			
Cash	4,523	-	4,523
Accounts receivable	1,844,313	-	1,844,313
Total restricted assets	1,848,836	-	1,848,836
Capital assets			
Land and construction in progress	118,634	-	118,634
Other capital assets, net of accumulated depreciation	2,660,540	8,960	2,669,500
Total capital assets	2,779,174	8,960	2,788,134
Noncurrent assets			
Net OPEB asset	129,329	611	129,940
Total assets	7,452,088	209,899	7,661,987
Deferred outflows of resources			
Net deferred outflow of pension related resources	5,167,123	24,404	5,191,527
Net deferred outflow of OPEB related resources	17,616	83	17,699
Total deferred outflows of resources	5,184,739	24,487	5,209,226
Total assets and deferred outflows of resources	12,636,827	234,386	12,871,213

(Continued)

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF NET POSITION

June 30, 2021

(Continued)

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities			
Accounts payable	\$ 33,658	\$ -	\$ 33,658
Accrued payroll liabilities	950,662	3,914	954,576
Compensated absences, current portion	12,636	-	12,636
Notes payable, current portion	33,384	-	33,384
Capital lease payable, current portion	14,222	-	14,222
	1,044,562	3,914	1,048,476
Total current liabilities			
Noncurrent liabilities			
Severance contract payable	8,401	-	8,401
Compensated absences, less current portion	35,965	-	35,965
Notes payable, less current portion	491,710	-	491,710
Capital lease payable, less current portion	11,258	-	11,258
Net pension liability	12,852,250	60,701	12,912,951
	13,399,584	60,701	13,460,285
Total noncurrent liabilities			
	14,444,146	64,615	14,508,761
Total liabilities			
Deferred inflows of resources			
Net deferred inflow of pension related resources	785,990	3,712	789,702
Net deferred inflow of OPEB related resources	41,515	196	41,711
	827,505	3,908	831,413
Total deferred inflows of resources			
	15,271,651	68,523	15,340,174
Total liabilities and deferred inflows of resources			
<b>NET POSITION</b>			
Net investment in capital assets	2,228,600	8,960	2,237,560
Restricted	936,128	-	936,128
Unrestricted	(5,799,552)	156,903	(5,642,649)
	\$ (2,634,824)	\$ 165,863	\$ (2,468,961)
Total net position			

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
Special programs	\$ 7,109,467	\$ 4,694,497	\$ 1,215,892	\$ -
Student support services	3,615,871	1,705,741	633,433	-
Instructional staff support	1,302,355	-	-	-
General administrative support	889,312	-	-	-
School administration	79,390	-	-	-
Business support services	1,138,771	-	-	-
Central activities support	727,519	667,644	-	-
Enterprise and community services	144,735	-	-	-
Apportionment of funds by ESD	1,827,870	-	-	-
Unallocated depreciation expense	208,015	-	-	-
Interest on long-term debt	16,978	-	-	-
Total governmental activities	<u>\$ 17,060,283</u>	<u>\$ 7,067,882</u>	<u>\$ 1,849,325</u>	<u>\$ -</u>
Business-type activities				
Student support services	\$ 6	\$ -	\$ -	\$ -
Central activities support	188,169	178,473	-	-
Unallocated depreciation expense	2,984	-	-	-
Total business-type activities	<u>\$ 191,159</u>	<u>\$ 178,473</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues

Property taxes levied for general purposes  
 Unrestricted state and local revenue  
 Insurance proceeds  
 Investment earnings  
 Miscellaneous

Total general revenues

Transfers

Change in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (1,199,078)	\$ -	\$ (1,199,078)
(1,276,697)	-	(1,276,697)
(1,302,355)	-	(1,302,355)
(889,312)	-	(889,312)
(79,390)	-	(79,390)
(1,138,771)	-	(1,138,771)
(59,875)	-	(59,875)
(144,735)	-	(144,735)
(1,827,870)	-	(1,827,870)
(208,015)	-	(208,015)
(16,978)	-	(16,978)
<u>(8,143,076)</u>	<u>-</u>	<u>(8,143,076)</u>
-	(6)	(6)
-	(9,696)	(9,696)
<u>-</u>	<u>(2,984)</u>	<u>(2,984)</u>
-	(12,686)	(12,686)
4,031,147	-	4,031,147
2,902,679	-	2,902,679
48,425	-	48,425
37,989	-	37,989
234,172	-	234,172
<u>7,254,412</u>	<u>-</u>	<u>7,254,412</u>
549,331	-	549,331
(339,333)	(12,686)	(352,019)
<u>(2,295,491)</u>	<u>178,549</u>	<u>(2,116,942)</u>
<u>\$ (2,634,824)</u>	<u>\$ 165,863</u>	<u>\$ (2,468,961)</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,210,448	\$ -	\$ 4,523	\$ 3,214,971
Undistributed taxes with county	36,841	-	-	36,841
Accounts receivable	508	1,844,313	-	1,844,821
Property taxes receivable	285,033	-	-	285,033
Intergovernmental receivables	-	273,910	-	273,910
Prepays	46,349	-	-	46,349
 Total assets	 \$ 3,579,179	 \$ 2,118,223	 \$ 4,523	 \$ 5,701,925
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Book overdraft	\$ -	\$ 1,177,102	\$ -	\$ 1,177,102
Accounts payable	24,142	9,516	-	33,658
Accrued payroll liabilities	950,662	-	-	950,662
 Total liabilities	 974,804	 1,186,618	 -	 2,161,422
 Deferred inflows of resources				
Unavailable revenue - property taxes	257,546	-	-	257,546
 Fund balances				
Nonspendable	46,349	-	-	46,349
Restricted	-	931,605	4,523	936,128
Committed	-	-	-	-
Unassigned	2,300,480	-	-	2,300,480
 Total fund balances	 2,346,829	 931,605	 4,523	 3,282,957
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 3,579,179	 \$ 2,118,223	 \$ 4,523	 \$ 5,701,925

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

June 30, 2021

<b>Total fund balances</b>		\$ 3,282,957
Capital assets are not financial resources and are therefore not reported in the governmental funds.		
Cost	5,242,036	
Accumulated depreciation and amortization	<u>(2,462,862)</u>	2,779,174
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 30 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.		
		257,546
The Internal Service Fund is used by management to charge the costs of copying and printing services to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities on the statement of net position.		
		18,762
Liabilities on the statement of net position not payable in the current year are not reported as governmental fund liabilities. These liabilities are not accrued in the governmental funds, but rather are recognized as expenditures when due. These liabilities consist of:		
Compensated absences	(48,601)	
Severance contract payable	(8,401)	
Notes payable	(525,094)	
Capital lease payable	<u>(25,480)</u>	(607,576)
Pension assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:		
Net pension liability	(12,852,250)	
Deferred outflows of pension related resources	5,167,123	
Deferred inflows of pension related resources	<u>(785,990)</u>	(8,471,117)
OPEB assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement of net position:		
Net OPEB asset	129,329	
Deferred outflows of OPEB related resources	17,616	
Deferred inflows of OPEB related resources	<u>(41,515)</u>	<u>105,430</u>
<b>Net position of governmental activities</b>		<b><u>\$ (2,634,824)</u></b>

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 4,104,763	\$ -	\$ -	\$ 4,104,763
Intergovernmental	2,918,326	1,713,653	-	4,631,979
Charges for services	3,443,675	3,595,728	-	7,039,403
Miscellaneous	90,719	349,892	-	440,611
 Total revenues	 10,557,483	 5,659,273	 -	 16,216,756
<b>EXPENDITURES</b>				
Current				
Instruction	3,363,814	3,772,145	-	7,135,959
Support services	5,127,168	1,672,521	3,703	6,803,392
Enterprise and community services	-	215,520	-	215,520
Debt service	-	-	49,353	49,353
 Total expenditures	 8,490,982	 5,660,186	 53,056	 14,204,224
 Excess (deficiency) of revenues over (under) expenditures	 2,066,501	 (913)	 (53,056)	 2,012,532
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,510,506	52,000	52,000	6,614,506
Transfers out	(6,065,175)	-	-	(6,065,175)
Apportionment of funds by ESD	(1,827,870)	-	-	(1,827,870)
 Total other financing sources (uses)	 (1,382,539)	 52,000	 52,000	 (1,278,539)
 Net change in fund balances	 683,962	 51,087	 (1,056)	 733,993
Fund balances - beginning	1,662,867	880,518	5,579	2,548,964
Fund balances - ending	\$ 2,346,829	\$ 931,605	\$ 4,523	\$ 3,282,957

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, 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, 2021

<b>Net change in fund balances</b>		\$ 733,993
Amounts reported for governmental activities on the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
Purchase of capital assets	168,079	
Less current year depreciation	<u>(208,015)</u>	(39,936)
Long-term debt proceeds are reported as other financing sources in the governmental funds. On the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability on the statement of net position.		
Debt principal paid	46,073	
Debt proceeds	<u>(11,066)</u>	35,007
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 on the statement of activities.		
		2,324
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. On the statement of activities, property taxes are recognized as revenue when levied.		
		(73,616)
Some expenses reported on the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.		
Compensated absences		19,331
Changes in the net pension assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.		
		(1,047,710)
Changes in the net OPEB assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.		
		<u>31,274</u>
<b>Change in net position</b>		<b>\$ <u>(339,333)</u></b>

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets			
Cash and cash equivalents	\$ 135,537	\$ 18,762	\$ 154,299
Inventories	784	-	784
Prepays	64,007	-	64,007
Total current assets	200,328	18,762	219,090
Noncurrent assets			
Capital assets, net of accumulated depreciation	8,960	-	8,960
Net OPEB asset	611	-	611
Total noncurrent assets	9,571	-	9,571
Total assets	209,899	18,762	228,661
Deferred outflows of resources			
Net deferred outflow of pension related resources	24,404	-	24,404
Net deferred outflow of OPEB related resources	83	-	83
Total deferred outflows of resources	24,487	-	24,487
Total assets and deferred outflows of resources	234,386	18,762	253,148

(Continued)

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

(Continued)

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities			
Accrued payroll liabilities	\$ 3,914	\$ -	\$ 3,914
Noncurrent liabilities			
Net pension liability	60,701	-	60,701
Total liabilities	64,615	-	64,615
Deferred inflows of resources			
Net deferred inflow of pension related resources	3,712	-	3,712
Net deferred inflow of OPEB related resources	196	-	196
Total deferred inflows of resources	3,908	-	3,908
Total liabilities and deferred inflows of resources	68,523	-	68,523
<b>NET POSITION</b>			
Net investment in capital assets	8,960	-	8,960
Unrestricted	156,903	18,762	175,665
Total net position	\$ 165,863	\$ 18,762	\$ 184,625

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
Operating revenues			
Charges for services	\$ 178,473	\$ 28,479	\$ 206,952
Operating expenses			
Student support services	6	-	6
Business support services	-	26,155	26,155
Central activities support	188,169	-	188,169
Facilities acquisition and construction	2,984	-	2,984
Total operating expenses	191,159	26,155	217,314
Operating income (loss)	(12,686)	2,324	(10,362)
Net position - beginning	178,549	16,438	194,987
Net position - ending	\$ 165,863	\$ 18,762	\$ 184,625

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 178,473	\$ 28,479	\$ 206,952
Cash payments to employees	(35,854)	-	(35,854)
Cash payments to suppliers	(142,274)	(27,158)	(169,432)
Net cash provided (used) by operating activities	345	1,321	1,666
Net increase (decrease) in cash and cash equivalents	345	1,321	1,666
Cash and cash equivalents - beginning	135,192	17,441	152,633
Cash and cash equivalents - ending	\$ 135,537	\$ 18,762	\$ 154,299
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (12,686)	\$ 2,324	\$ (10,362)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	2,984	-	2,984
(Increase) decrease in:			
Prepays	(6,789)	-	(6,789)
Net pension asset/liability	31,136	-	31,136
Net OPEB asset/liability	(357)	-	(357)
Deferred outflows of resources	(13,061)	-	(13,061)
Increase (decrease) in:			
Accounts payable	-	(1,003)	(1,003)
Deferred inflows of resources	(882)	-	(882)
Net cash provided (used) by operating activities	\$ 345	\$ 1,321	\$ 1,666

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2021

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 640,023
Interfund receivable	<u>549,327</u>
Total assets	<u>\$ 1,189,350</u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 1,189,350</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of South Coast Education Service District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

South Coast Education Service District is a municipal corporation organized under the provisions of Oregon Revised Statutes Chapter 334.010 to perform the function of financial equalization among Coos and Curry County school districts to assist the state in providing equal education opportunities to all students. The District also provides professional services and facilities in education on a cooperative basis with local school districts. The District is governed by a seven-member board of directors.

**B. Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting; however, principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District 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.

Special Revenue Fund – The Special Revenue Fund accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). For the District, these are primarily grants and other programs funded through contracts with other local governments.

The District reports the following nonmajor governmental funds:

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources and payment of principal and interest on long-term debt. The primary source of revenue is transfers from other funds.

Capital Projects Fund – The Capital Projects Fund accounts for expenditures for major construction projects.

The following fund does not meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* as amended, for presentation as a major fund; however, management considers the fund to be particularly important to financial statement users and has therefore elected to present the following fund as a major proprietary fund:

Enterprise Fund – The Enterprise Fund is used to account for activities for which a fee is charged to external users for goods or services. The Enterprise Fund includes services for financial accounting software, technology, transportation, and internet service. The primary source of revenue is charges for services provided to local educational agencies.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Additionally, the District reports the following proprietary fund:

Internal Service Fund – The Internal Service Fund is used to account for operations that provide copying and printing services to other departments or agencies of the District on a cost-reimbursement basis. The primary source of revenue is charges for services provided to other funds of the District.

GASB Statement No. 84, *Fiduciary Activities*, effective for the District for the year ended June 30, 2021, establishes criteria for identifying fiduciary activities of all state and local governments, with separate criteria to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement defines the reporting requirements for such activities. Criteria has to be met in order for funds to be reported under the Statement. The result of the application of these criteria will be that the fund reported as an agency fund will no longer be classified as a fiduciary activity and thereby reported in the appropriate operating fund of the District. The District plans to implement GASB Statement No. 84 for the fiscal year ending June 30, 2022. The District reports the following fiduciary fund:

Agency Fund – The Agency Fund is used to account for component school districts' service credit allocations and usage.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers between the governmental funds, proprietary funds, and fiduciary funds. Elimination of these transactions would distort their respective financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity**

**1. Deposits and Investments**

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.

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.

**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 amount of taxes receivable are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

**3. Accounts Receivable**

Receivables, including accounts, entitlements, insurance proceeds, and shared revenues, are recorded as revenue when earned. No allowance for uncollectible accounts has been established as management deems all receivables collectible.

**4. Inventories and Prepaid Items**

Physical inventories, with the exception of the Enterprise Fund, are taken for control purposes only. The cost values of such inventories have been recorded as expenditures when purchased. Accordingly, with the exception of the Enterprise Fund, a value is not included on the statement of net position.

Inventories in the Enterprise Fund are valued at average cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of proprietary fund type inventories are recorded as expenses when consumed rather than when purchased.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**4. Inventories and Prepaid Items (Continued)**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

**5. Capital Assets**

Capital assets, which include property, plant, and equipment are reported 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 two years. 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.

Depreciation of capital assets is computed on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5
Vehicles	5-7
Buildings	25-40

**6. 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 liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

**8. Retirement Plan**

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions are made on a current basis as required by the plan and are recorded as expenses or expenditures.

**9. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period and therefore, will not be recognized as an outflow of resources until that time. The District has two items that qualify for reporting in this category, which are deferred amounts related to pensions and deferred amounts related to other postemployment benefits. These amounts are deferred and recognized as outflows of resources when the District recognizes pension or other postemployment benefit expenses/expenditures. Deferred outflows of amounts related to pensions and other postemployment benefits are included in the government-wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and therefore, will not be recognized as an inflow of resources until that time. The District has three items that qualify for reporting in this category, which are unavailable revenue from property taxes, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits. Unavailable revenue from property taxes is deferred and recognized as inflows of resources in the period that the amounts become available. Unavailable revenue from property taxes is reported in the balance sheet. Deferred amounts related to pensions and other postemployment benefits are deferred and recognized as inflows of resources in the period when the District recognizes pension or other postemployment benefit income. Deferred inflows of amounts related to pensions and other postemployment benefits are included in the government-wide statement of net position and the proprietary funds statement of net position.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**9. Deferred Outflows and Inflows of Resources (Continued)**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense information about the net position of the Oregon Public Employees Retirement System (OPERS), and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by OPERS. 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.

For purposes of measuring the net other postemployment benefits (OPEB) retirement health insurance account (RHIA) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense information about the net position of OPERS, and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Fund Equity**

In the fund financial statements, the governmental funds report classifications of fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**10. Fund Equity (Continued)**

The District has not formally adopted a policy for commitment or assignment of fund balance.

The District has adopted a minimum fund balance policy. The board directs the Business Manager/Superintendent to manage the General Fund's adopted budget in such a way as to plan for an ending fund balance of at least 5% of total adopted revenues.

**E. Use of Estimates**

The preparation of financial statements in accordance 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. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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, capital projects, enterprise, 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. 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, enterprise and community services, debt service, facilities acquisition and construction, interfund transfers, apportionment of funds, and operating contingency are the levels of control for the funds 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 were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget amounts shown in the financial statements reflect the original budget amounts and one approved appropriation transfer.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

South Coast Education Service District 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.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the state's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

A separate financial report for the LGIP is prepared by the Oregon State Treasurer. Copies of the report can be obtained from the Oregon State Treasury, Finance Division, 900 Court Street, Room 159, Salem, Oregon 97301.

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 not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**A. Deposits and Investments (Continued)**

Investments

As of June 30, 2021, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 1,657,561

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the District's investments are in the Oregon Local Government Investment Pool.

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.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**A. Deposits and Investments (Continued)**

Custodial Credit Risk – Deposits (Continued)

The District holds accounts at Umpqua Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts. At June 30, 2021, the District had deposits of \$250,000 insured by the FDIC and \$1,560,028 covered by the PFCP.

Deposits

The District's deposits and investments at June 30, 2021 are as follows:

Cash on hand	\$ 345
Checking accounts	534,262
Total investments	<u>1,657,561</u>
 Total deposits and investments	 <u>\$ 2,192,168</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 3,210,448
Special Revenue Fund (book overdraft)	(1,177,102)
Internal Service Fund	<u>18,762</u>
 Total governmental activities - unrestricted	 2,052,108
Governmental activities - restricted	
Nonmajor governmental funds	<u>4,523</u>
 Total governmental activities	 2,056,631
Business-type activities - unrestricted	
Enterprise Fund	<u>135,537</u>
 Total cash and investments	 <u>\$ 2,192,168</u>

Restricted cash is for payment of principal and interest on long-term debt.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 70,150	\$ -	\$ -	\$ 70,150
Construction in progress	15,060	48,484	15,060	48,484
Total capital assets not being depreciated	85,210	48,484	15,060	118,634
Capital assets being depreciated				
Buildings and improvements	3,822,168	70,625	-	3,892,793
Equipment	1,106,461	64,030	-	1,170,491
Vehicles	60,118	-	-	60,118
Total capital assets being depreciated	4,988,747	134,655	-	5,123,402
Less accumulated depreciation for				
Buildings and improvements	(1,201,139)	(159,747)	-	(1,360,886)
Equipment	(1,005,573)	(42,277)	-	(1,047,850)
Vehicles	(48,135)	(5,991)	-	(54,126)
Total accumulated depreciation	(2,254,847)	(208,015)	-	(2,462,862)
Total capital assets being depreciated, net	2,733,900	(73,360)	-	2,660,540
Governmental activities capital assets, net	\$ 2,819,110	\$ (24,876)	\$ 15,060	\$ 2,779,174
Business-type activities				
Capital assets being depreciated				
Equipment	\$ 104,938	\$ -	\$ -	\$ 104,938
Less accumulated depreciation for				
Equipment	(92,994)	(2,984)	-	(95,978)
Business-type activities capital assets, net	\$ 11,944	\$ (2,984)	\$ -	\$ 8,960

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Capital Assets (Continued)**

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 70,150	\$ -	\$ 70,150
Construction in progress	48,484	-	48,484
Buildings and improvements	3,892,793	(1,360,886)	2,531,907
Equipment	1,170,491	(1,047,850)	122,641
Vehicles	60,118	(54,126)	5,992
Total governmental activities capital assets	5,242,036	(2,462,862)	2,779,174
Business-type activities			
Equipment	104,938	(95,978)	8,960
Total capital assets	\$ 5,346,974	\$ (2,558,840)	\$ 2,788,134

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:

Governmental activities	
Unallocated depreciation	\$ 208,015
Business-type activities	
Unallocated depreciation	\$ 2,984

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**C. Interfund Transfers**

Interfund transfers during the year consisted of:

	Transfers in:				Total
	Governmental Activities			Fiduciary Fund Agency	
	General Fund	Special Revenue Fund	Nonmajor Governmental Funds		
Transfers out:					
Governmental activities					
General Fund	\$ -	\$ -	\$ -	\$ 6,065,175	\$ 6,065,175
Fiduciary fund					
Agency Fund	<u>6,510,506</u>	<u>52,000</u>	<u>52,000</u>	<u>-</u>	<u>6,614,506</u>
Total	<u>\$ 6,510,506</u>	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 6,065,175</u>	<u>\$ 12,679,681</u>

The primary purposes of the interfund transfers in are summarized below by fund:

General Fund – To receive service credit funds from school districts’ agency funds to pay for services provided to school districts.

Special Revenue Fund – To transfer resources to support special programs.

Nonmajor Governmental Funds

*Debt Service Fund* – To transfer resources for principal and interest payments on long-term debt.

Agency Fund – To receive 90% of the state school fund dollars from the District into each school district’s individual agency fund.

**D. Compensated Absences**

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	<u>\$ 67,932</u>	<u>\$ -</u>	<u>\$ 19,331</u>	<u>\$ 48,601</u>	<u>\$ 12,636</u>

For governmental activities, the General Fund has traditionally been used to liquidate compensated absences liabilities.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. 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							
Copier lease 2015	0%	\$ 4,496	\$ 225	\$ -	\$ 225	\$ -	\$ -
Copier lease 2017	0%	50,832	25,037	-	10,660	14,377	11,409
Copier lease 2020	0%	3,000	2,850	-	600	2,250	600
Copier lease 2021	0%	11,066	-	11,066	2,213	8,853	2,213
Umpqua bank loan	3.09%	40,001	557,469	-	32,375	525,094	33,384
Total governmental activities		<u>\$ 109,395</u>	<u>\$ 585,581</u>	<u>\$ 11,066</u>	<u>\$ 46,073</u>	<u>\$ 550,574</u>	<u>\$ 47,606</u>

**2. Capital Leases**

**a. Copier Lease**

The District entered into an agreement to lease a copier on September 22, 2015. This lease agreement qualifies as a capital lease for accounting purposes and has therefore been recorded at the present value of minimum lease payments as of the inception date. Interest is fixed at 0%. Payments of \$74.93 are due monthly. The lease is collateralized by the copier. As of June 30, 2021, the lease had been paid in full.

**b. Copier Lease**

The District entered into an agreement to lease copiers on September 7, 2017. This lease agreement qualifies as a capital lease for accounting purposes and has therefore been recorded at the present value of minimum lease payments as of the inception date. Interest is fixed at 0%. Payments of \$1,003.04 are due monthly. The lease is collateralized by the copiers.

**c. Copier Lease**

The District entered into an agreement to lease a copier on March 30, 2020. This lease agreement qualifies as a capital lease for accounting purposes and has therefore been recorded at the present value of minimum lease payments as of the inception date. Interest is fixed at 0%. Payments of \$50 are due monthly. The lease is collateralized by the copier.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Long-Term Liabilities (Continued)**

**2. Capital Leases (Continued)**

**d. Copier Lease**

The District entered into an agreement to lease a copier on July 1, 2020. This lease agreement qualifies as a capital lease for accounting purposes and has therefore been recorded at the present value of minimum lease payments as of the inception date. Interest is fixed at 0%. Payments of \$184 are due monthly. The lease is collateralized by the copier.

**e. Leased Capital Assets**

Leased capital assets and related accumulated amortization under the capital leases are as follows:

Governmental activities		
Equipment	\$	66,400
Less: accumulated amortization		<u>(45,679)</u>
Net value	\$	<u>20,721</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

**3. Umpqua Bank Loan**

On June 15, 2018, the District entered into a loan agreement with Umpqua Bank to finance plumbing and roof replacement projects. As of June 30, 2021, the outstanding balance of the loan was \$525,094. Interest is fixed at 3.09%. Semiannual payments of principal and interest are due on December 15 and June 15. The maturity date of the loan is June 15, 2034.

**4. Future Maturities of Long-Term Liabilities**

Year Ending June 30	Leases		Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 14,222	\$ 628	\$ 33,384	\$ 15,969	\$ 47,606	\$ 16,597
2023	5,781	34	34,423	14,930	40,204	14,964
2024	2,813	-	35,495	13,858	38,308	13,858
2025	2,664	-	36,601	12,753	39,265	12,753
2026	-	-	37,740	11,613	37,740	11,613
2027-2031	-	-	207,078	39,689	207,078	39,689
2032-2034	<u>-</u>	<u>-</u>	<u>140,373</u>	<u>7,687</u>	<u>140,373</u>	<u>7,687</u>
Total	<u>\$ 25,480</u>	<u>\$ 662</u>	<u>\$ 525,094</u>	<u>\$ 116,499</u>	<u>\$ 550,574</u>	<u>\$ 117,161</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**F. Constraints on Fund Balances**

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

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepays	\$ 46,349	\$ -	\$ -	\$ 46,349
Restricted for:				
Debt service	-	-	4,523	4,523
Special programs	-	931,605	-	931,605
Unassigned	<u>2,300,480</u>	<u>-</u>	<u>-</u>	<u>2,300,480</u>
Total fund balances	<u>\$ 2,346,829</u>	<u>\$ 931,605</u>	<u>\$ 4,523</u>	<u>\$ 3,282,957</u>

**IV. PENSION PLAN**

**A. Plan Description**

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available comprehensive annual financial report and actuarial valuation, both of which can be obtained at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**B. Benefits Provided**

**1. Tier One/Tier Two Retirement Benefit (ORS Chapter 238)**

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The base benefit is based on years of service and final average salary. A percentage (1.67% 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. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020.

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**IV. PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**1. Tier One/Tier Two Retirement Benefit (ORS Chapter 238) (Continued)**

Pension Benefits (Continued)

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of underlying global equity investments of that account. Under ORS 238.630, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The COLA is capped at 2.0%.

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June 30, 2021

**IV. PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**2. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)**

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020.

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

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% 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 credit before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

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

Benefit Terms

The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. 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-, or 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution stipulation.

Death Benefits

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

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

**C. 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. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on reemployed PERS retirees' salaries as if they were active members, excluding IAP contributions. Employer contributions for the year ended June 30, 2021 were \$1,676,677, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 32.03% for Tier One/Tier Two general service members, 26.58% for OPSRP Pension Program general service members, and 6% for OPSRP IAP.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

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

At June 30, 2021, the District reported a liability of \$12,912,951 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the pension plan, relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's proportion was 0.0592%, which increased from its proportion of 0.0556% measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,064,816. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 568,326	\$ -
Change in assumptions	692,997	24,281
Net difference between projected and actual earnings on investments	1,518,395	-
Changes in proportion	423,148	765,421
Differences between employer contributions and proportionate share of contributions	<u>311,984</u>	<u>-</u>
Total (prior to post measurement date contributions)	3,514,850	789,702
Contributions subsequent to the measurement date	<u>1,676,677</u>	<u>-</u>
Total	<u>\$ 5,191,527</u>	<u>\$ 789,702</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)**

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

Amortization Period Ending June 30	Deferred Outflows	Deferred Inflows
2022	\$ 860,480	\$ 371,968
2023	1,020,797	243,366
2024	925,080	142,839
2025	660,991	29,836
2026	47,502	1,693
	\$ 3,514,850	\$ 789,702

**E. Actuarial Assumptions**

The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (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 (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability funding component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**E. Actuarial Assumptions (Continued)**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Long-Term Expected Rate of Return	7.20%
Discount Rate	7.20%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  Pub-2010 Healthy retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>  Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2018 Experience Study.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**F. Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019, the Public Employees Retirement System Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

The table below displays the OIC approved asset allocation policy, revised as of April 24, 2019.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00 %
Debt Securities	20.00 %
Public Equity	32.50 %
Private Equity	17.50 %
Real Estate	12.50 %
Alternatives Portfolio	15.00 %
Risk Parity	<u>2.50 %</u>
Total	<u>100.00 %</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**F. Long-Term Expected Rate of Return (Continued)**

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target asset allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Core Fixed Income	9.60 %	4.07 %
Short-Term Bonds	9.60 %	3.68 %
Bank/Leveraged Loans	3.60 %	5.19 %
High Yield Bonds	1.20 %	5.74 %
Large/Mid Cap US Equities	16.17 %	6.30 %
Small Cap US Equities	1.35 %	6.68 %
Micro Cap US Equities	1.35 %	6.79 %
Developed Foreign Equities	13.48 %	6.91 %
Emerging Market Equities	4.24 %	7.69 %
Non-US Small Cap Equities	1.93 %	7.25 %
Private Equity	17.50 %	8.33 %
Real Estate (Property)	10.00 %	5.55 %
Real Estate (REITS)	2.50 %	6.69 %
Hedge Fund of Funds - Diversified	1.50 %	4.06 %
Hedge Fund - Event-driven	0.38 %	5.59 %
Timber	1.12 %	5.61 %
Farmland	1.13 %	6.12 %
Infrastructure	2.25 %	6.67 %
Commodities	<u>1.10 %</u>	3.79 %
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.50 %

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**G. Depletion Date Projection**

GASB Statement No. 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's net position (fair value of investment assets, all others at cost) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. The Governmental Accounting Standards Board does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation for sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB Statement No. 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is OPERS' third-party actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the net position is always projected to be sufficient to cover benefit payments and administrative expenses.

**H. Discount Rate**

The discount rate used to measure the total pension liability was 7.20% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**IV. PENSION PLAN (Continued)**

**I. Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 19,174,666	\$ 12,912,951	\$ 7,662,213

**J. Pension Plan Net Position**

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

**K. Changes in Plan Provisions During Measurement Period**

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 benefits for certain active members are projected to be lower than they were prior to the legislation.

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

There have been no changes in plan provisions subsequent to the June 30, 2020 measurement date.

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. Benefit Plan**

The other postemployment benefits (OPEB) for the District provide a contribution to the State of Oregon's PERS cost-sharing, multiple-employer, defined health insurance benefit plan.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**B. Financial Statement Presentation**

The amounts on the financial statements relate to the plan as follows:

	PERS RHIA Plan
Net OPEB (asset) liability	\$ (129,940)
Deferred outflows of resources	
Net difference between projected and actual earnings on investments	14,450
Change in proportionate share	2,099
Contributions after measurement date	1,150
Deferred inflows of resources	
Difference between expected and actual experience	(13,284)
Change in proportionate share	(21,520)
Change in assumptions	(6,907)
OPEB expense	(30,894)
(Included in program expenses on statement of activities)	

**C. PERS Retirement Health Insurance Account (RHIA)**

**1. Plan Description**

The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained at:  
<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. PERS Retirement Health Insurance Account (RHIA) (Continued)**

**2. Benefits Provided**

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

**3. Contributions**

PERS' funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The District's contribution rates for the period were 0.06% for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial accrued liability rate was assigned for the RHIA program as it was funded at 126.4% as of December 31, 2017. Typically, PERS employers contribute an actuarially determined percentage of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 10 years. The District's total contributions for the year ended June 30, 2021 amounted to \$4,056.

**4. OPEB Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to RHIA**

At June 30, 2021, the District reported an asset of \$129,940 for its proportionate share of the OPERS net OPEB asset/liability. The net OPEB asset/liability was measured as of June 30, 2020, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The District's proportion of the net OPEB asset/liability was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the District's proportionate share was 0.638%, which increased from its proportion of 0.0428% as of June 30, 2019.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. PERS Retirement Health Insurance Account (RHIA) (Continued)**

**4. OPEB Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to RHIA (Continued)**

For the year ended June 30, 2021, the District recognized OPEB expense from this plan of \$(30,894). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,284
Change in assumptions	-	6,907
Net differences between projected and actual earnings	14,450	-
Changes in proportionate share	2,099	21,520
Total (prior to post measurement date contributions)	16,549	41,711
Contributions subsequent to the measurement date	1,150	-
Total	\$ 17,699	\$ 41,711

Deferred outflows of resources related to OPEB of \$1,150 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows	Deferred Inflows
2022	\$ 2,641	\$ 25,085
2023	4,008	16,626
2024	5,342	-
2025	4,558	-
	\$ 16,549	\$ 41,711

**5. Actuarial Methods and Assumptions**

The RHIA plan is unaffected by healthcare cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums; consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are consistent with those disclosed for the OPERS pension plan in Note IV-E.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. PERS Retirement Health Insurance Account (RHIA) (Continued)**

**6. Long-Term Expected Rate of Return**

The long-term expected rate of return assumptions for the OPEB plan are consistent with those disclosed for the OPERS pension plan in Note IV-F.

**7. Depletion Date Projection**

The detailed depletion date projections outlined in GASB Statement No. 75, and allowance for alternative evaluations of projected solvency outlined in GASB Statement No. 75 (paragraph 39), are consistent with those disclosed for GASB Statement No. 68 in Note IV-G.

**8. Discount Rate**

The discount rate used to measure the total OPEB liability was 7.20% for the OPEB plan. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plan's 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 OPEB plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**9. Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (104,905)	\$ (129,940)	\$ (151,347)

**10. OPEB Plan Net Position**

Detailed information about the other postemployment benefit plan's net position is available in the separately issued OPERS financial report.

**11. Changes in Plan Provisions During Measurement Period**

There were no changes in plan provisions during the July 1, 2019 through June 30, 2020 measurement period.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. PERS Retirement Health Insurance Account (RHIA) (Continued)**

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

There were no changes in plan provisions subsequent to the June 30, 2020 measurement date.

**VI. 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. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Concentrations**

**1. Collective Bargaining Agreements**

At June 30, 2021, the District had a total of approximately 120 employees. Of this total, approximately 91% are covered under collective bargaining agreements and 42% are licensed staff represented by a union. The agreement was signed on April 16, 2019 and expired on June 30, 2020. A one-year extension was signed on May 12, 2020, extending the agreement until June 30, 2021. Approximately 49% of employees are classified staff. All are covered by collective bargaining agreements. The full-time collective bargaining agreement was signed on July 25, 2019 and an extension was signed on January 16, 2021, extending the agreement until June 30, 2022. The part-time collective bargaining agreement was signed on July 24, 2019 and an extension was signed on January 16, 2021, extending the agreement until June 30, 2022.

**C. Tax Abatements**

For the year ended June 30, 2021, the District had tax abatements through the Enterprise Zone Exemption (EZE) pursuant to ORS 285C.175. The EZE exempts property of authorized business firms from ad valorem property taxes. Total abated property taxes under this program amounted to \$4,095.

**D. Contingency**

South Coast Education Service District's operations may be affected by the recent and ongoing outbreak of the Coronavirus Disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material impact on the District's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption of the District's revenue, absenteeism in the District's labor workforce, and the unavailability of products and supplies used in operations.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

**VI. OTHER INFORMATION (Continued)**

**E. New Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its fiscal year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the District beginning with its fiscal year ending June 30, 2022. The objective of this statement is to simplify accounting for interest cost incurred before the end of a construction period, and enhance the relevance and comparability of capital asset information.

GASB Statement No. 92, *Omnibus 2020*, will be effective for the District beginning with its fiscal year ending June 30, 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB statements.

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the District beginning with its fiscal year ending June 30, 2023. The objective of this statement clarifies the definition of a conduit debt obligation and improves required note disclosures.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will be effective for the District beginning with its fiscal year ending June 30, 2023. The requirements of this statement will improve financial reporting by establishing the definitions of public-private and public-public arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for the District beginning with its fiscal year ending June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments.

**F. Subsequent Events**

Management has evaluated subsequent events through December 10, 2021, which was the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

<u>Pension Plan</u>				(b/c) District's	
Year Ended June 30	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.05917010%	\$ 12,912,951	\$ 5,579,858	231.42%	75.80%
2020	0.05557005%	9,612,288	4,876,837	197.10%	80.20%
2019	0.06090739%	9,226,667	4,309,723	214.09%	82.10%
2018	0.06503425%	8,766,641	4,340,312	201.98%	83.10%
2017	0.07255952%	10,892,869	4,388,455	248.22%	80.50%
2016	0.08470879%	4,863,522	4,133,781	117.65%	91.90%
2015	0.10193556%	(2,310,588)	4,399,996	-52.51%	103.60%
2014	0.10193556%	5,201,921	4,520,335	115.08%	91.97%

**Changes in Benefit Terms**

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

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 benefits for certain active members are projected to be lower than prior to the legislation.

**Changes in Assumptions**

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF CONTRIBUTIONS

<b><u>Pension Plan</u></b>		(b)		(a-b)		(c)	(b/c)
Year Ended June 30	(a) Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll		
2021	\$ 1,676,677	\$ 1,676,677	\$ -	\$ 5,926,961	28.29%		
2020	1,476,192	1,476,192	-	5,579,858	26.46%		
2019	1,129,805	1,129,805	-	4,876,837	23.17%		
2018	1,018,844	1,018,844	-	4,309,723	23.64%		
2017	860,524	860,524	-	4,340,312	19.83%		
2016	899,661	899,661	-	4,388,455	20.50%		
2015	899,735	899,735	-	4,133,781	21.77%		
2014	863,606	863,606	-	4,399,996	19.63%		

**Changes in Benefit Terms**

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

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 benefits for certain active members are projected to be lower than prior to the legislation.

**Changes in Assumptions**

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. For June 30, 2018, the long-term expected rate of return was lowered to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

<b><u>RHIA</u></b>	2021	2020
Proportion of the OPEB pension liability (asset)	0.06377122%	0.04280789%
Proportionate share of the net OPEB liability (asset)	\$ (129,940)	\$ (82,720)
Covered payroll	\$ 5,579,858	\$ 4,876,837
Proportionate share of the OPEB liability (asset) as a percentage of covered employee payroll	-2.33%	-1.70%
Plan net position as a percentage of the total OPEB liability	150.1%	144.4%

**Changes in Assumptions**

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50% to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups.

No assets have been accumulated in a trust to pay for the related benefits.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.05011882%	0.04305673%	0.04640860%
\$ (55,946)	\$ (17,969)	\$ 12,603
\$ 4,309,723	\$ 4,340,312	\$ 4,388,455
-1.30%	-0.41%	0.29%
124.0%	108.9%	94.2%

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS

<b><u>RHIA</u></b>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 4,056	\$ 21,239
Contributions in relation to the contractually required contribution	<u>4,056</u>	<u>21,239</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,926,961	\$ 5,579,858
Contributions as a percentage of covered employee payroll	0.07%	0.38%

**Changes in Assumptions**

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50% to 7.20%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups.

No assets have been accumulated in a trust to pay for the related benefits.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 21,216	\$ 21,436	\$ 20,693
<u>21,216</u>	<u>21,436</u>	<u>20,693</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,876,837	\$ 4,309,723	4,340,312
0.44%	0.50%	0.48%

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Local revenue	\$ 6,768,769	\$ 6,768,769	\$ 881,016
Intermediate revenue	-	-	5,019
State revenue	<u>2,239,553</u>	<u>2,239,553</u>	<u>663,126</u>
Total revenues	<u>9,008,322</u>	<u>9,008,322</u>	<u>1,549,161</u>
<b>EXPENDITURES</b>			
Current			
Instruction	3,801,870	3,801,870	(438,056)
Support services	5,706,618	5,706,618	(579,450)
Contingency	<u>432,053</u>	<u>432,053</u>	<u>(432,053)</u>
Total expenditures	<u>9,940,541</u>	<u>9,940,541</u>	<u>(1,449,559)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(932,219)</u>	<u>(932,219)</u>	<u>2,998,720</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	8,016,908	8,016,908	(1,506,402)
Transfers out	(6,981,068)	(6,381,068)	(315,893)
Apportionment of funds by ESD	<u>(1,248,000)</u>	<u>(1,848,000)</u>	<u>(20,130)</u>
Total other financing sources (uses)	<u>(212,160)</u>	<u>(212,160)</u>	<u>(1,170,379)</u>
Net change in fund balance	(1,144,379)	(1,144,379)	1,828,341
Fund balance - beginning	<u>1,664,379</u>	<u>1,664,379</u>	<u>(1,512)</u>
Fund balance - ending	<u>\$ 520,000</u>	<u>\$ 520,000</u>	<u>\$ 1,826,829</u>

Budget Basis	Actual	
	Adjustments	GAAP Basis
\$ 7,649,785	\$ -	\$ 7,649,785
5,019	-	5,019
<u>2,902,679</u>	<u>-</u>	<u>2,902,679</u>
<u>10,557,483</u>	<u>-</u>	<u>10,557,483</u>
3,363,814	-	3,363,814
5,127,168	-	5,127,168
<u>-</u>	<u>-</u>	<u>-</u>
<u>8,490,982</u>	<u>-</u>	<u>8,490,982</u>
<u>2,066,501</u>	<u>-</u>	<u>2,066,501</u>
6,510,506	-	6,510,506
(6,065,175)	-	(6,065,175)
<u>(1,827,870)</u>	<u>-</u>	<u>(1,827,870)</u>
<u>(1,382,539)</u>	<u>-</u>	<u>(1,382,539)</u>
683,962	-	683,962
<u>1,662,867</u>	<u>-</u>	<u>1,662,867</u>
<u>\$ 2,346,829</u>	<u>\$ -</u>	<u>\$ 2,346,829</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

SPECIAL REVENUE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Local revenue	\$ 453,540	\$ (3,467)	\$ 450,073	\$ -	\$ 450,073
Intermediate revenue	4,325,140	(616,715)	3,708,425	-	3,708,425
State revenue	752,181	(32,281)	719,900	-	719,900
Federal revenue	<u>1,014,667</u>	<u>(233,792)</u>	<u>780,875</u>	<u>-</u>	<u>780,875</u>
Total revenues	<u>6,545,528</u>	<u>(886,255)</u>	<u>5,659,273</u>	<u>-</u>	<u>5,659,273</u>
<b>EXPENDITURES</b>					
Current					
Instruction	4,505,849	(733,704)	3,772,145	-	3,772,145
Support services	2,624,648	(952,127)	1,672,521	-	1,672,521
Enterprise and community services	254,453	(38,933)	215,520	-	215,520
Contingency	<u>94,293</u>	<u>(94,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,479,243</u>	<u>(1,819,057)</u>	<u>5,660,186</u>	<u>-</u>	<u>5,660,186</u>
Excess (deficiency) of revenues over (under) expenditures	(933,715)	932,802	(913)	-	(913)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>52,000</u>	<u>-</u>	<u>52,000</u>	<u>-</u>	<u>52,000</u>
Net change in fund balance	(881,715)	932,802	51,087	-	51,087
Fund balance - beginning	<u>881,715</u>	<u>(1,197)</u>	<u>880,518</u>	<u>-</u>	<u>880,518</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 931,605</u>	<u>\$ 931,605</u>	<u>\$ -</u>	<u>\$ 931,605</u>

**OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,523	\$ -	\$ 4,523
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ -	\$ -	\$ -
Fund balances			
Restricted for debt service	<u>4,523</u>	<u>-</u>	<u>4,523</u>
Total liabilities and fund balances	<u>\$ 4,523</u>	<u>\$ -</u>	<u>\$ 4,523</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current			
Support services	-	3,703	3,703
Debt service	<u>49,353</u>	<u>-</u>	<u>49,353</u>
Total expenditures	<u>49,353</u>	<u>3,703</u>	<u>53,056</u>
Excess (deficiency) of revenues over (under) expenditures	(49,353)	(3,703)	(53,056)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>52,000</u>	<u>-</u>	<u>52,000</u>
Net change in fund balances	2,647	(3,703)	(1,056)
Fund balances - beginning	<u>1,876</u>	<u>3,703</u>	<u>5,579</u>
Fund balances - ending	<u>\$ 4,523</u>	<u>\$ -</u>	<u>\$ 4,523</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Debt service	<u>52,000</u>	<u>(2,647)</u>	<u>49,353</u>	<u>-</u>	<u>49,353</u>
Excess (deficiency) of revenues over (under) expenditures	(52,000)	2,647	(49,353)	-	(49,353)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>52,000</u>	<u>-</u>	<u>52,000</u>	<u>-</u>	<u>52,000</u>
Net change in fund balance	-	2,647	2,647	-	2,647
Fund balance - beginning	<u>-</u>	<u>1,876</u>	<u>1,876</u>	<u>-</u>	<u>1,876</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 4,523</u>	<u>\$ 4,523</u>	<u>\$ -</u>	<u>\$ 4,523</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Local revenues	\$ 250,000	\$ (250,000)	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Current					
Support services	<u>250,000</u>	<u>(246,297)</u>	<u>3,703</u>	<u>-</u>	<u>3,703</u>
Excess (deficiency) of revenues over (under) expenditures	-	(3,703)	(3,703)	-	(3,703)
Fund balance - beginning	<u>-</u>	<u>3,703</u>	<u>3,703</u>	<u>-</u>	<u>3,703</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

ENTERPRISE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Local revenue	\$ 205,800	\$ (27,327)	\$ 178,473	\$ -	\$ 178,473
<b>EXPENSES</b>					
Current					
Support services	194,764	(23,425)	171,339	16,836	188,175
Facilities acquisition and construction	-	-	-	2,984	2,984
Contingency	<u>223,192</u>	<u>(223,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>417,956</u>	<u>(246,617)</u>	<u>171,339</u>	<u>19,820</u>	<u>191,159</u>
Excess (deficiency) of revenues over (under) expenses	(212,156)	219,290	7,134	(19,820)	(12,686)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(41,600)</u>	<u>(41,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(253,756)	260,890	7,134	(19,820)	(12,686)
Net position - beginning	<u>253,756</u>	<u>(57,320)</u>	<u>196,436</u>	<u>(17,887)</u>	<u>178,549</u>
Net position - ending	<u>\$ -</u>	<u>\$ 203,570</u>	<u>\$ 203,570</u>	<u>\$ (37,707)</u>	<u>\$ 165,863</u>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

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

INTERNAL SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	
				GAAP Basis	
<b>REVENUES</b>					
Local revenue	\$ 12,480	\$ 15,999	\$ 28,479	\$ -	\$ 28,479
<b>EXPENSES</b>					
Current					
Support services	<u>34,528</u>	<u>(8,373)</u>	<u>26,155</u>	<u>-</u>	<u>26,155</u>
Excess (deficiency) of revenues over (under) expenses	(22,048)	24,372	2,324	-	2,324
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>(11,440)</u>	<u>(11,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(33,488)	35,812	2,324	-	2,324
Net position - beginning	<u>33,488</u>	<u>(17,050)</u>	<u>16,438</u>	<u>-</u>	<u>16,438</u>
Net position - ending	<u>\$ -</u>	<u>\$ 18,762</u>	<u>\$ 18,762</u>	<u>\$ -</u>	<u>\$ 18,762</u>

## **OTHER FINANCIAL SCHEDULES**

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2021

	Fund 100	Fund 200	Fund 300
<b>Revenue from Local Sources</b>			
1110 Ad Valorem Taxes Levied by District	\$ 4,113,267	\$ -	\$ -
1500 Earnings on Investments	37,989	-	-
1910 Rentals	12,000	-	-
1920 Contributions and Donations	-	168,450	-
1940 Services Provided Other Local Education Agencies	2,357,311	16,074	-
1960 Recovery of Prior Years' Expenditure	26,139	-	-
1970 Services Provided Other Funds	1,074,364	51,329	-
1990 Miscellaneous	28,715	214,220	-
<b>Total Revenue from Local Sources</b>	<b>\$ 7,649,785</b>	<b>\$ 450,073</b>	<b>\$ -</b>
<b>Revenue from Intermediate Sources</b>			
2199 Other Intermediate Source	\$ 5,019	\$ -	\$ -
2200 Restricted Revenue	-	3,708,425	-
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 5,019</b>	<b>\$ 3,708,425</b>	<b>\$ -</b>
<b>Revenue from State Sources</b>			
3101 State School Fund - General Support	\$ 2,902,677	\$ -	\$ -
3104 State Managed County Timber	2	-	-
3299 Other Restricted Grants-in-Aid	-	719,900	-
<b>Total Revenue from State Sources</b>	<b>\$ 2,902,679</b>	<b>\$ 719,900</b>	<b>\$ -</b>
<b>Revenue from Federal Sources</b>			
4500 Restricted Revenue From the Federal Government Through the State	\$ -	\$ 780,875	\$ -
<b>Total Revenue from Federal Sources</b>	<b>\$ -</b>	<b>\$ 780,875</b>	<b>\$ -</b>
<b>Revenue from Other Sources</b>			
5200 Interfund Transfers	\$ 6,510,506	\$ 52,000	\$ 52,000
5400 Resources - Beginning Fund Balance	1,662,867	880,518	1,876
<b>Total Revenue from Other Sources</b>	<b>\$ 8,173,373</b>	<b>\$ 932,518</b>	<b>\$ 53,876</b>
<b>Grand Totals</b>	<b>\$ 18,730,856</b>	<b>\$ 6,591,791</b>	<b>\$ 53,876</b>

Fund 400	Fund 500	Fund 600	Fund 700
\$ -	\$ -	\$ -	\$ -
-	-	-	653
-	-	-	-
-	-	-	-
-	178,473	-	-
-	-	-	-
-	-	28,479	-
-	-	-	-
<b>\$ -</b>	<b>\$ 178,473</b>	<b>\$ 28,479</b>	<b>\$ 653</b>

Fund 400	Fund 500	Fund 600	Fund 700
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fund 400	Fund 500	Fund 600	Fund 700
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fund 400	Fund 500	Fund 600	Fund 700
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fund 400	Fund 500	Fund 600	Fund 700
\$ -	\$ -	\$ -	\$ 5,961,175
3,703	196,436	16,438	1,188,700
<b>\$ 3,703</b>	<b>\$ 196,436</b>	<b>\$ 16,438</b>	<b>\$ 7,149,875</b>
<b>\$ 3,703</b>	<b>\$ 374,909</b>	<b>\$ 44,917</b>	<b>\$ 7,150,528</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2021

**Instruction Expenditures**

	Totals	Object 100	Object 200
1220 Restrictive Programs for Students with Disabilities	\$ 3,244,112	\$ 1,670,145	\$ 1,228,683
1260 Treatment and Habilitation	119,702	59,491	37,305
<b>Total Instruction Expenditures</b>	<b>\$ 3,363,814</b>	<b>\$ 1,729,636</b>	<b>\$ 1,265,988</b>

**Support Services Expenditures**

	Totals	Object 100	Object 200
2110 Attendance and Social Work Services	\$ 28,218	\$ 14,917	\$ 10,452
2120 Guidance Services	132,388	76,696	45,340
2130 Health Services	590,759	239,549	149,259
2140 Psychological Services	536,203	227,301	146,537
2150 Speech Pathology and Audiology Services	940,547	363,012	227,587
2160 Other Student Treatment Services	937,186	485,616	296,254
2190 Service Direction, Student Support Services	84,768	44,978	27,745
2210 Improvement of Instruction Services	47,745	21,614	11,117
2240 Instructional Staff Development	9,977	7,108	2,869
2310 Board of Education Services	100,048	11,880	8,165
2320 Executive Administration Services	218,990	137,307	77,084
2490 Other Support Services - School Administration	27,695	15,179	10,762
2520 Fiscal Services	454,419	260,221	133,338
2540 Operation and Maintenance of Plant Services	326,975	78,872	53,440
2620 Planning, Research, Development, Evaluation Services, Grant Writing, and Statistical Services	599	-	-
2630 Information Services	330	-	-
2640 Staff Services	144,404	83,614	47,449
2660 Technology Services	545,917	208,954	103,351
<b>Total Support Services Expenditures</b>	<b>\$ 5,127,168</b>	<b>\$ 2,276,818</b>	<b>\$ 1,350,749</b>

**Other Uses Expenditures**

	Totals	Object 100	Object 200
5200 Transfers of Funds	\$ 6,065,175	\$ -	\$ -
5300 Apportionment of Funds by ESD	1,827,870	-	-
<b>Total Other Uses Expenditures</b>	<b>\$ 7,893,045</b>	<b>\$ -</b>	<b>\$ -</b>

**Grand Total**

<b>\$ 16,384,027</b>	<b>\$ 4,006,454</b>	<b>\$ 2,616,737</b>
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Object 300	Object 400	Object 500	Object 600	Object 700
\$ 78,653	\$ 69,324	\$ -	\$ 197,307	\$ -
8,079	8,051	-	6,776	-
<b>\$ 86,732</b>	<b>\$ 77,375</b>	<b>\$ -</b>	<b>\$ 204,083</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 941	\$ 311	\$ -	\$ 1,597	\$ -
1,475	718	-	8,159	-
150,785	17,466	-	33,700	-
119,940	11,096	-	31,329	-
276,963	19,706	-	53,279	-
29,365	68,052	-	57,899	-
1,721	5,526	-	4,798	-
8,801	2,038	-	4,175	-
-	-	-	-	-
57,996	1,876	-	20,131	-
1,945	1,070	-	1,584	-
136	-	-	1,618	-
35,961	14,759	-	10,140	-
96,051	8,210	19,152	71,250	-
-	-	-	599	-
-	330	-	-	-
10,113	788	-	2,440	-
207,063	10,098	-	16,451	-
<b>\$ 999,256</b>	<b>\$ 162,044</b>	<b>\$ 19,152</b>	<b>\$ 319,149</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 6,065,175
-	-	-	-	1,827,870
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,893,045</b>
<b>\$ 1,085,988</b>	<b>\$ 239,419</b>	<b>\$ 19,152</b>	<b>\$ 523,232</b>	<b>\$ 7,893,045</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

**EXPENDITURE SUMMARY - SPECIAL REVENUE FUND**

For the Year Ended June 30, 2021

**Instruction Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
1250 Less Restrictive Programs for Students with Disabilities	\$ 455,452	\$ 228,122	\$ 129,822
1260 Treatment and Habilitation	2,993,202	1,354,711	839,194
1299 Other Programs	323,491	158,098	96,658
<b>Total Instruction Expenditures</b>	<b>\$ 3,772,145</b>	<b>\$ 1,740,931</b>	<b>\$ 1,065,674</b>

**Support Services Expenditures**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
2110 Attendance and Social Work Services	\$ 86,562	\$ 37,208	\$ 30,901
2120 Guidance Services	269	-	-
2130 Health Services	23,321	-	-
2150 Speech Pathology and Audiology Services	48,325	-	-
2160 Other Student Treatment Services	206,398	76,951	39,825
2210 Improvement of Instruction Services	462,803	89,510	47,812
2240 Instructional Staff Development	762,268	149,834	72,657
2540 Operation and Maintenance of Plant Services	45,782	-	-
2570 Internal Services	221	-	-
2640 Staff Services	3,730	-	-
2660 Technology Services	32,842	-	-
<b>Total Support Services Expenditures</b>	<b>\$ 1,672,521</b>	<b>\$ 353,503</b>	<b>\$ 191,195</b>

**Enterprise and Community Services**

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
3300 Community Services	\$ 215,520	\$ 80,580	\$ 48,901
<b>Total Enterprise and Community Services</b>	<b>\$ 215,520</b>	<b>\$ 80,580</b>	<b>\$ 48,901</b>

**Grand Total**

<b>Grand Total</b>	<b>\$ 5,660,186</b>	<b>\$ 2,175,014</b>	<b>\$ 1,305,770</b>
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Object 300	Object 400	Object 500	Object 600
\$ 8,349	\$ 18,519	\$ 27,565	\$ 43,075
385,541	141,863	3,600	268,293
27,429	22,412	-	18,894
<b>\$ 421,319</b>	<b>\$ 182,794</b>	<b>\$ 31,165</b>	<b>\$ 330,262</b>

Object 300	Object 400	Object 500	Object 600
\$ 10,386	\$ 1,768	\$ -	\$ 6,299
-	269	-	-
15,647	6,354	-	1,320
4,381	43,370	-	574
51,285	16,908	-	21,429
67,940	197,420	23,779	36,342
450,935	52,324	-	36,518
6,163	108	36,920	2,591
-	203	-	18
1,737	1,993	-	-
-	30,983	-	1,859
<b>\$ 608,474</b>	<b>\$ 351,700</b>	<b>\$ 60,699</b>	<b>\$ 106,950</b>

Object 300	Object 400	Object 500	Object 600
\$ 52,578	\$ 14,720	\$ -	\$ 18,741
<b>\$ 52,578</b>	<b>\$ 14,720</b>	<b>\$ -</b>	<b>\$ 18,741</b>
<b>\$ 1,082,371</b>	<b>\$ 549,214</b>	<b>\$ 91,864</b>	<b>\$ 455,953</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2021

**Other Uses Expenditures**

5100 Debt Service

	<b>Totals</b>	<b>Object 600</b>
	\$ 49,353	\$ 49,353
<b>Total Other Uses Expenditures</b>	<b>\$ 49,353</b>	<b>\$ 49,353</b>
<b>Grand Total</b>	<b>\$ 49,353</b>	<b>\$ 49,353</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

For the Year Ended June 30, 2021

**Support Services Expenditures**

2540 Operation and Maintenance of Plant Services

**Total Support Services Expenditures**

**Grand Total**

Totals	Object 300
\$ 3,703	\$ 3,703
<b>\$ 3,703</b>	<b>\$ 3,703</b>
<b>\$ 3,703</b>	<b>\$ 3,703</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

EXPENDITURE SUMMARY - ENTERPRISE FUND

For the Year Ended June 30, 2021

**Support Services Expenditures**

2150 Speech Pathology and Audiology Services  
2660 Technology Services

	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
	\$ 6	\$ -	\$ -
	171,333	25,571	10,283
<b>Total Support Services Expenditures</b>	<b>\$ 171,339</b>	<b>\$ 25,571</b>	<b>\$ 10,283</b>
<b>Grand Total</b>	<b>\$ 171,339</b>	<b>\$ 25,571</b>	<b>\$ 10,283</b>

<b>Object 300</b>	<b>Object 600</b>
\$ 6	\$ -
125,780	9,699
<b>\$ 125,786</b>	<b>\$ 9,699</b>
<b>\$ 125,786</b>	<b>\$ 9,699</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

For the Year Ended June 30, 2021

<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 300</b>	<b>Object 400</b>
2570 Internal Services	\$ 26,155	\$ 23,376	\$ 2,779
<b>Total Support Services Expenditures</b>	<b>\$ 26,155</b>	<b>\$ 23,376</b>	<b>\$ 2,779</b>
<b>Grand Total</b>	<b>\$ 26,155</b>	<b>\$ 23,376</b>	<b>\$ 2,779</b>

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

EXPENDITURE SUMMARY - FIDUCIARY FUND

For the Year Ended June 30, 2021

**Other Uses Expenditures**  
5200 Transfers of Funds

	<b>Totals</b>	<b>Object 700</b>
	\$ 6,510,502	\$ 6,510,502
<b>Total Other Uses Expenditures</b>	<b>\$ 6,510,502</b>	<b>\$ 6,510,502</b>
	<b>\$ 6,510,502</b>	<b>\$ 6,510,502</b>

**Grand Total**

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2021

Tax Year	Taxes Receivable July 1, 2020	2020-2021 Levy	Adjustments	Collections	Taxes Receivable June 30, 2021
<b>Coos County</b>					
2020-2021	\$ -	\$ 2,525,054	\$ (83,187)	\$ 2,354,639	\$ 87,228
2019-2020	89,619	-	(8,156)	38,279	43,184
2018-2019	48,844	-	(1,930)	20,253	26,661
2017-2018	31,766	-	(472)	19,368	11,926
2016-2017	16,010	-	(461)	9,136	6,413
2015-2016	12,269	-	(440)	5,406	6,423
2014-2015	1,609	-	(390)	535	684
Prior	5,060	-	(7)	427	4,626
Subtotal - Prior	205,177	-	(11,856)	93,404	99,917
<b>Total Coos County</b>	<b>205,177</b>	<b>2,525,054</b>	<b>(95,043)</b>	<b>2,448,043</b>	<b>187,145</b>
<b>Curry County</b>					
2020-2021	-	1,455,820	(40,727)	1,376,193	38,900
2019-2020	48,011	-	(849)	28,018	19,144
2018-2019	22,491	-	(4,718)	9,552	8,221
2017-2018	10,225	-	6,225	7,463	8,987
2016-2017	9,446	-	(396)	8,258	792
2015-2016	5,785	-	705	5,178	1,312
2014-2015	5,994	-	565	5,450	1,109
Prior	25,917	-	(634)	20,604	4,679
Subtotal - Prior	127,869	-	898	84,523	44,244
<b>Total Curry County</b>	<b>127,869</b>	<b>1,455,820</b>	<b>(39,829)</b>	<b>1,460,716</b>	<b>83,144</b>

(Continued)

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2021

(Continued)

Tax Year	Taxes Receivable July 1, 2020	2020-2021 Levy	Adjustments	Collections	Taxes Receivable June 30, 2021
Douglas County					
2020-2021	\$ -	\$ 223,558	\$ (6,257)	\$ 210,350	\$ 6,951
2019-2020	6,721	-	(264)	3,178	3,279
2018-2019	3,469	-	(593)	952	1,924
2017-2018	2,111	-	(44)	1,265	802
2016-2017	1,375	-	(46)	1,078	251
2015-2016	843	-	(53)	604	186
2014-2015	773	-	(38)	500	235
Prior	2,775	-	(79)	1,580	1,116
Subtotal - Prior	18,067	-	(1,117)	9,157	7,793
Total Douglas County	18,067	223,558	(7,374)	219,507	14,744
Total	<u>\$ 351,113</u>	<u>\$ 4,204,432</u>	<u>\$ (142,246)</u>	4,128,266	<u>\$ 285,033</u>
Add:					
Other taxes and interest				(23,503)	
Undistributed taxes with counties, July 1, 2020				<u>36,841</u>	
Total available				4,141,604	
Less: Turnovers to District				<u>(4,104,763)</u>	
Undistributed taxes with counties, June 30, 2021				<u>\$ 36,841</u>	

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

**KOONTZ, BLASQUEZ**  
ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
South Coast Education Service District  
Coos Bay, Oregon 97420

We have audited the basic financial statements of South Coast Education Service District as of and for the year ended June 30, 2021, and have issued our report thereon dated December 10, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether South Coast Education Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 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:

**Accounting records**

**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**

**Accountability for collecting or receiving money by elected officials**

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.

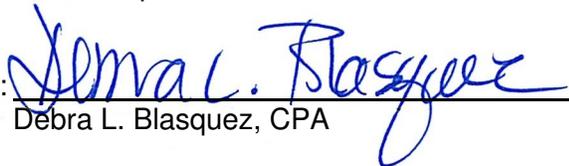
The District does not have any elected officials collecting or receiving money.

**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. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 10, 2021.

This report is intended solely for the information and use of the board of directors and management of South Coast Education Service District and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.

Koontz, Blasquez & Associates, P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
December 10, 2021

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2021

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

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

	Objects 325, 326, and 327
Function 2540	\$ 37,630
Function 2550	\$ –

- B. Replacement of Equipment – **General Fund:**  
 Include all General Fund expenditures in object 542, except for the following exclusions:

\$	–
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Exclude these functions:

- 1113 Elementary Co-Curricular Activities
- 1122 Middle School Co-Curricular Activities
- 1132 High School Co-Curricular Activities
- 1140 Pre-Kindergarten
- 1300 Continuing Education
- 1400 Summer School
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services
- 4150 Construction

## **SINGLE AUDIT SECTION**

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor, Pass through Grantor, Program Title	Grant Period	CFDA	Expenditures
<b><u>U.S. Department of Education</u></b>			
Passed through Oregon State Department of Education			
Perkins Program*			
Perkins Basic	2019-2021	84.048	\$ 253,726
Perkins Reserve	2019-2021	84.048	46,415
Middle School Career Exploration Pilot Project	2021-2021	84.048	<u>2,180</u>
Total Perkins Program			<u>302,321</u>
Special Education Cluster			
Extended Assessment	2020-2021	84.027	<u>4,945</u>
Title III - English Language	2019-2021	84.365	<u>23,484</u>
School Emergency Operations Plan	2019-2021	84.184Q	<u>85,962</u>
Elementary and Secondary School Emergency Relief Fund			
COVID-19			
ESSER I	2020-2022	84.425	35,632
ESSER II	2020-2021	84.425D	<u>25,919</u>
Total Elementary and Secondary School Emergency Relief Fund			<u>61,551</u>
Total passed through Oregon State Department of Education			478,263
Passed through South Coast Regional Early Learning Hub			
Parent Advocacy Project	2021-2021	84.412A	<u>47,250</u>
Total U.S. Department of Education			<u>525,513</u>
<b><u>U.S. Department of Human Services</u></b>			
Passed through Oregon State Department of Human Services			
Youth Transition Program*	2019-2021	84.126A	<u>255,362</u>
Total U.S. Department of Human Services			<u>255,362</u>
Total federal expenditures			<u>\$ 780,875</u>

\*Major program

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

**I. PURPOSE OF SCHEDULE**

The schedule of expenditures of federal awards is a supplementary schedule to South Coast Education Service District's basic financial statements and is presented for additional analysis. Because the schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenues and expenditures.

**II. SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The information in the schedule of expenditures of federal awards is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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. Indirect Cost Rate**

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

**D. 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. Programs with similar requirements may be grouped into a cluster for testing purposes. Major programs include CFDA No. 84.048 *Perkins Program* and CFDA No. 84.126A *Youth Transition Program*.

**SOUTH COAST EDUCATION SERVICE DISTRICT**  
**Coos County, Oregon**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

**II. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. 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, 2021.

**F. Revenue and Expenditure Recognition**

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

**KOONTZ, BLASQUEZ**  
ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**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 Coast Education Service District  
Coos Bay, Oregon 97420

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, each major fund, and the remaining fund information of South Coast Education Service District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise South Coast Education Service District's basic financial statements, and have issued our report thereon dated December 10, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

## Compliance and Other Matters

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

## South Coast Education Service District's Responses to Findings

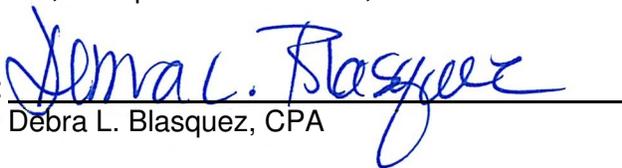
South Coast Education Service District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

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

Koontz, Blasquez & Associates, P.C.

By:



Debra L. Blasquez, CPA

Albany, Oregon  
December 10, 2021

**KOONTZ, BLASQUEZ**  
ASSOCIATES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
South Coast Education Service District  
Coos Bay, Oregon 97420

**Report on Compliance for Each Major Federal Program**

We have audited South Coast Education Service District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of South Coast Education Service District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (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 noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 South Coast Education Service District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, South Coast Education Service District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of South Coast Education Service District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Coast Education Service District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

Koontz, Blasquez & Associates, P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
December 10, 2021

**SOUTH COAST EDUCATION SERVICE DISTRICT  
Coos County, Oregon**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2021

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

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

<b><i>CFDA Number(s)</i></b>	<b><i>Name of Federal Program or Cluster</i></b>
84.048	Perkins Program
84.126 A	Youth Transition Program

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

## SECTION II – FINANCIAL STATEMENT FINDINGS

<u>Finding Number</u>	<u>Finding</u>
2021-001	Missing valuation information for implicit rate subsidy for retiree health benefits.
<b>Condition:</b>	Valuation information for the implicit rate subsidy for retiree health benefits was not available at the time our audit was performed.
<b>Prevalence:</b>	Entity-wide
<b>Criteria:</b>	In order to be in accordance with GASB Statement No. 75, the District is required to record other postemployment benefits.
<b>Questioned costs:</b>	None
<b>Effect:</b>	The possibility of material misstatement to the financial statements exists.
<b>Recommendations:</b>	We recommend that the District obtain the valuation for the implicit rate subsidy.
<b>Management's response:</b>	Management concurs with the finding.

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

<u>Finding Number</u>	<u>Finding</u>
2021-002	CPA-assistance in drafting financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).
<b>Condition:</b>	Although the District has staff with the ability to understand, review, and take responsibility for the financial statements required to comply with independence standards, the District has chosen to outsource preparation of the financial statements to external experts.
<b>Prevalence:</b>	Entity-wide
<b>Criteria:</b>	In an ideal situation, District staff would draft complete financial statements, including note disclosures, in accordance with GAAP.
<b>Questioned costs:</b>	None
<b>Effect:</b>	Our assistance in drafting the financial statements does produce a significant deficiency in the District's internal control system.
<b>Recommendations:</b>	We do not recommend any change in the preparation of the financial statements, but we do recommend that management and the board of directors remain diligent in reviewing the financial statements and related note disclosures.
<b>Management's response:</b>	Management concurs with the finding.

**SECTION III – CORRECTIVE ACTION**

<u>Finding Number</u>	<u>Corrective Action</u>
2021-001	The District has been in contact with Milliman Actuary Services to obtain information about the valuation. The District's board reviewed the information and took board action to decline the valuation at this time. The board will evaluate the need versus the value of the information yearly.
2021-002	The District considers the cost of staffing the financial expertise to correct this deficiency to outweigh the benefit, and has determined that it is more beneficial to continue to outsource these matters to external experts.