



**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S
REPORT**

For the Year Ended June 30, 2020

OREGON SCHOOL DISTRICT

Table of Contents

For the Year Ended June 30, 2020

| | Page |
|---|---------|
| INDEPENDENT AUDITOR’S REPORT | i-iii |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | iv-xiii |
| FINANCIAL STATEMENTS: | |
| Statement of Net Position – Governmental Activities..... | 1-2 |
| Statement of Activities – Governmental Activities..... | 3 |
| Balance Sheet – Governmental Funds..... | 4 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 6 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 7 |
| Statement of Net Position – Fiduciary Fund | 8 |
| Statement of Changes in Net Position – Fiduciary Fund..... | 9 |
| Notes to Financial Statements | 10-40 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Budgetary Comparison Schedule for the General Fund – Budget and Actual | 41 |
| Budgetary Comparison Schedule for the Special Education Fund – Budget and Actual..... | 42 |
| Reconciliation of Differences between Budgetary Inflow and Outflows and GAAP Revenues and Expenditures | 43 |
| District Net OPEB Liability Schedules | 44-45 |
| District Supplemental Pension Plan Schedules as of the Measurement Date..... | 46 |
| Wisconsin Retirement System Schedules | 47 |
| Notes to Required Supplementary Information..... | 48-49 |
| OTHER SUPPLEMENTAL INFORMATION: | |
| Combining Balance Sheet – Non-Major Governmental Funds..... | 50 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds | 51 |



INDEPENDENT AUDITOR'S REPORT

To the School Board
Oregon School District
Oregon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Oregon School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2019, the Oregon School District adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oregon School District's basic financial statements. The financial information listed in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information as listed in the table of contents 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 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 other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of the Oregon School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the Oregon School 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 the Oregon School District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 18, 2020

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

The discussion and analysis of the Oregon School District's 2019-2020 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follows this section.

Financial Highlights

The District's overall financial position, as reflected in total net position, increased by \$3,427,579.

Total District revenues were \$63,025,398 including \$29,058,242 of property and \$26,396,860 of federal and state aid. Total District expenditures were \$59,597,033 including \$29,877,650 for direct instruction.

The following events took place during fiscal 2019-2020:

- At the end of the current fiscal year, fund balance for the general fund was approximately \$14.3 million. \$2,965,860 of that amount was assigned for subsequent year expenditures. The fund balance of Total Governmental Funds was approximately \$23.2 million. The breakdown of the \$23.2 million is as follows:

\$14.3 General Fund
\$1.7 Debt Service
\$6.4 Capital Projects
\$0.8 Other Non-Major Governmental Funds

- The District received \$218,795 more in State Equalization Aid than in 2018-2019.
- The 2019 tax levy increased from the prior year by 4.5% from a total levy of \$27,805,029 to \$29,058,509.
- The District's three-year average per pupil membership increased by 42. Due to this increase, the District received approximately \$455,603 revenue limit authority.
- The State provided a \$175 increase per member in the revenue limit formula for the 2019-2020 school year.
- The District received \$742 in per pupil state categorical aid. There was no increase to this allocation for the 2019-20 school year.
- The District continued to allocate funds for Other Postemployment Benefits (OPEB) during the 2019-2020 fiscal year. The District's 2019-20 contribution was \$898,248. The District's expenses included \$495,789 for employee health benefits and \$185,127 for the implicit rate subsidy.

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

All projects were completed in the 2019-20 school year to expend and close out the proceeds from the November 2014 issue of \$54,600,000 of general obligation refunding bonds. These bonds were for the purpose of paying for cost of building and improvement programs consisting of the construction of additions to and renovation and improvement of Oregon High School, Oregon Middle School, Brooklyn Elementary; renovation and improvement of Prairie View Elementary School and Netherwood Knoll School; acquisition and installation of technology improvements; roof replacements at District buildings; HVAC upgrades at the swimming pool; and construction of storm water improvements and other site improvements on the JC Park East property.

In November of 2018 the District's constituents approved a \$44.9 million referendum to building a new elementary school. Forest Edge Elementary School will be opening for the 2020-21 school year.

Overview of the Financial Statements

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position and Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained, is shown in the following table.

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Major Features of the District-wide and Fund Financial Statements

| | Fund Financial Statements | | |
|---|--|---|---|
| | District-wide Statements | Governmental | Fiduciary |
| Scope | Entire district (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services | Assets held by the District on behalf of someone else <ul style="list-style-type: none"> • Student and other organizations that have funds on deposit with the district are reported here. • Other Postemployment Benefits. |
| Required financial statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance | <ul style="list-style-type: none"> • Statement of Fiduciary Net Position. • Statement of Changes in Fiduciary Net Position. |
| Basis of accounting and measurement focus | <p>Accrual accounting</p> <p>Economic resources focus</p> | <p>Modified accrual accounting</p> <p>Current financial resources focus</p> | <p>Accrual accounting</p> <p>Economic resources focus</p> |
| Type of asset and liability information | All assets and liabilities; both financial and capital, short-term and long-term | <p>Generally assets expected to be used up and liabilities that come due during the year or soon thereafter.</p> <p>No capital assets or long-term liabilities included</p> | <p>All assets and liabilities, both financial and capital, short-term and long-term</p> <p>These funds do not currently contain any capital assets, although they can.</p> |
| Type of inflow and outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | <p>Revenues for which cash is received during or soon after the end of the year</p> <p>Expenditures when goods or services have been received and the related liability are due and payable</p> | All additions or deductions during the year, regardless of when cash is received and paid |

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support the District. The Statement of Net Position reports all assets and deferred outflow, liabilities and deferred inflows available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net Position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* - Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District has no business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for Other Post-Employment Benefits trust. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Financial Analysis of the District as a Whole

Table 1 provides a summary of the District's net position for the years ended June 30, 2020 and 2019.

| Table 1 | | |
|--|--------------|---------------|
| Condensed Statement of Net Position | | |
| | 2020 | 2019 |
| Assets | | |
| Current and other assets | \$34,427,155 | \$ 63,017,867 |
| Capital assets | 127,687,840 | 97,362,866 |
| Restricted assets | 5,729,008 | - |
| Total assets | 167,844,003 | 160,380,733 |
| Deferred Outflows of Resources | 14,237,437 | 17,626,913 |
| Liabilities | | |
| Long-term liabilities | 89,100,524 | 92,884,069 |
| Other liabilities | 19,665,279 | 23,906,764 |
| Total liabilities | 108,765,803 | 116,790,833 |
| Deferred Inflows of Resources | 18,396,431 | 9,725,186 |
| Net Position | | |
| Net investment in capital assets | 43,763,629 | 39,449,323 |
| Restricted | 2,930,908 | 5,637,541 |
| Unrestricted | 8,224,669 | 6,404,763 |
| Total Net Position | \$54,919,206 | \$ 51,491,627 |

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Financial Analysis of the District as a Whole (Continued)

Table 2 provides summarized operating results and their impact on Net Position.

| Table 2 | | |
|--|---------------|---------------|
| Change in Net Position from Operating Results | | |
| | 2020 | 2019 |
| Revenues | | |
| Program revenues: | | |
| Charges for service | \$ 2,052,365 | \$ 2,429,897 |
| Operating grants and contributions | 4,759,606 | 4,501,960 |
| General revenues | | |
| Property and other taxes | 29,058,242 | 27,836,437 |
| State formula aid | 20,660,762 | 20,441,967 |
| Other | 6,493,637 | 5,741,012 |
| Total Revenues | 63,024,612 | 60,951,273 |
| Expenses | | |
| Instruction | 29,877,650 | 31,046,693 |
| Pupil & instructional services | 7,428,292 | 7,331,079 |
| Administration & finance | 4,313,307 | 4,390,555 |
| Maintenance & operations | 4,155,294 | 4,220,107 |
| Transportation | 2,211,269 | 2,296,359 |
| Food service | 1,481,938 | 1,568,150 |
| Interest on debt | 2,976,901 | 2,336,249 |
| Other | 7,152,382 | 7,289,382 |
| Total Expenses | 59,597,033 | 60,478,574 |
| Increase (decrease) in net position | 3,427,579 | 472,699 |
| Net Position - July 1, restated | 51,491,627 | 50,850,290 |
| Restatement - Implementation of GASB Statement No. 84 | - | 168,638 |
| Net Position - June 30 | \$ 54,919,206 | \$ 51,491,627 |

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Financial Analysis of the District as a Whole (Continued)

The District relies primarily on property taxes and state formula aid to fund governmental activities. Below lists the percent of each to total governmental revenues:

| Year Ending | Property Tax | State Aid | Services | Op. Grants | Cap. Grants | Other |
|--------------------|---------------------|------------------|-----------------|-------------------|--------------------|--------------|
| 2020 | 46.1% | 32.8% | 3.3% | 7.5% | 0% | 10.3% |
| 2019 | 45.7% | 33.6% | 4.0% | 7.3% | 0% | 9.4% |
| 2018 | 46.1% | 34.2% | 4.3% | 7.8% | 0% | 7.6% |
| 2017 | 45.4% | 34.1% | 4.1% | 7.9% | 0% | 8.5% |
| 2016 | 46.7% | 36.2% | 4.2% | 7.4% | 0% | 5.5% |
| 2015 | 45.4% | 37.9% | 3.8% | 8.2% | 0% | 4.7% |
| 2014 | 45.9% | 37.6% | 3.9% | 8.6% | 0% | 4.0% |
| 2013 | 46.5% | 37.6% | 4.6% | 8.1% | 0% | 3.2% |
| 2012 | 47.8% | 37.9% | 4.0% | 8.2% | 0% | 2.1% |
| 2011 | 44.3% | 39.8% | 5.4% | 9.8% | 0% | 0.7% |

Table 3 presents the cost of the seven categories of District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

| | Net Cost of Services 2020 | Percent of Services 2020 | Net Cost of Services 2019 | Percent of Services 2019 |
|--------------------------------|--|---|--|---|
| Expenses | | | | |
| Instruction | \$ 25,677,768 | 48.6% | \$ 26,923,453 | 50.3% |
| Pupil & instructional services | 6,665,646 | 12.6% | 6,722,236 | 12.6% |
| Administration & finance | 4,309,327 | 8.2% | 4,377,348 | 8.2% |
| Maintenance & operations | 3,997,194 | 7.6% | 4,110,064 | 7.7% |
| Transportation | 2,123,772 | 4.0% | 2,211,013 | 4.1% |
| Interest on debt | 2,976,901 | 5.6% | 2,336,249 | 4.4% |
| Other | 7,034,454 | 13.3% | 6,866,669 | 12.8% |
| Total Expenses | \$ 52,785,062 | 100% | \$ 53,547,032 | 100% |

The cost of all governmental activities this year was \$59,597,033. Individuals who directly participated or benefited from a program offering paid for \$2,052,365 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,759,606. The net cost of governmental activities \$52,785,062 was financed by general revenues of the District including \$29,058,242 in property taxes, \$20,660,762 in state formula aid, and \$6,493,637 in other.

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Financial Aspects of the District's Funds

- The general fund had a total increase in fund balance of \$1,544,940 and as of June 30, 2020 has a balance of \$14,266,986. The unassigned fund balance decreased by \$11,544. Assigned fund balance increased by \$1,515,514. Fund balance restricted for dental insurance increased by \$120,357. Restricted fund balance also includes a common school fund carry-over of \$8,818. Non-spendable fund balance decreased by \$88,204. The majority of the non-spendable balance consists of the 2019-20 home construction class project, which sold in September 2020, and three lots for future home construction projects.
- The debt service fund (fund 38 & 39) had a decrease to fund balance of \$2,620,090 and as of June 30, 2020 has a balance of \$1,668,495.
- The capital projects fund had a decrease to fund balance of \$31,907,566 and as of June 30, 2020 has a balance of \$6,435,795.
- The OPEB (Other Postemployment Benefits) Liability fund balance increased by \$324,046 and as of June 30, 2020 has a balance of \$4,907,356.
- The Employee Trust fund, which holds employee benefits balances specific to individual retirees, decreased by \$7,281 and as of June 30, 2020 has a balance of \$246,395. The OPEB and Employee Trust fund balances are combined in the Employee Benefit Trusts Fund.

General Fund Budgetary Highlights

Consistent with current state statutes and regulations an *original* budget is adopted in October following determination of official enrollment and certification of states aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2019-20 to reflect:

- The General Fund and Special Education Fund, combined, expenditure and revenue budget saw a decrease of \$385,502. In revenues the District received an additional grant and Common School Aid, but reduced the budget associated with the sale of the construction house. The construction house sold in September 2020.
- All other funds were unchanged and remained at the original budget.

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Capital Assets

At the end of fiscal year 2020, the District had invested \$174,932,992 in capital assets; including buildings, sites and equipment (see Table 4). Total accumulated depreciation on assets was \$47,245,152. Asset acquisitions for governmental activities totaled \$33,959,730 and disposals totaled \$1,151,577. The District recognized depreciation expense of \$3,633,970 for the year. (Detailed information about capital assets can be found in Note 4 to the financial statements.)

Table 4
Capital Assets
(Net of depreciation)

| | 2020 | 2019 |
|--------------------------|----------------|--------------|
| Land | \$ 4,590,909 | \$ 4,590,909 |
| Buildings | 122,117,663 | 121,446,866 |
| Furniture & equipment | 9,791,883 | 10,110,500 |
| Land improvements | 2,494,871 | 2,381,156 |
| Construction in progress | 35,937,666 | 3,595,408 |
| Accumulated depreciation | (47,245,152) | (44,761,973) |
| Net capital assets | \$ 127,687,840 | \$97,362,866 |

Long-term Liabilities

At year-end the District had \$92,740,633 in general obligation bonds and other long-term debt outstanding. Payments were made for a total of \$5,995,000 to general obligations debt. A total of \$6,222,210 was retired on all long-term liabilities. Detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

Table 5
Outstanding Long-term Obligations

| | 2020 | 2019 |
|----------------------------|---------------|---------------|
| General Obligation Bonds | \$ 88,180,000 | \$ 94,175,000 |
| Compensated Absences | 1,339,900 | 1,281,235 |
| Capital Lease | 50,220 | 75,329 |
| Premium (Discount) on Debt | 3,170,513 | 3,372,614 |
| Net Long Term Liabilities | \$ 92,740,633 | \$ 98,904,178 |

General Obligation Bonds of the District are secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

OREGON SCHOOL DISTRICT
Oregon, Wisconsin

Management Discussion & Analysis
June 30, 2020

Factors Bearing on the District's Future

Currently known circumstances that will impact the District's financial status in the future are:

- In 2016-17 the District established a Growth and Student Enrollment Task Force to study residential growth and its impact on student enrollment within our district. The Task Force worked with a Madison based regional planning firm (MDRoffers Consulting). MDRoffers Consulting projects an increase of 1,923 students by the year 2030. This anticipated growth requires us to evaluate our facility needs in the years ahead. At this time, we have not seen the growth projected in the study but the infrastructure of a major development that was delayed is now in place. We expect to see more student growth in the near future.
- The Covid19 pandemic has caused many disruptions for the school environment. Students have the ability to open enroll at neighboring schools. Some neighboring districts are providing instruction in person; whereas, in Dane County this currently is not recommended. Other students have chosen to homeschool. Since revenue is derived based on enrollment this will have a negative impact for the district for the next year. We do believe that as the pandemic's impacts are abated by the multiple vaccines being developed, that the students Oregon School District lost to these other educational options will return.
- In November of 2018 the District's constitutes approved a \$44.9 million referendum to building a new elementary school and land for addition Oregon School District facilities. Forest Edge Elementary School will open in the fall of 2020.
- The state's revenue limit formula restricts growth in state general aid and property taxes, which accounts for a majority of the District's operating revenues. The District is allowed to increase its revenue limit based on a per pupil adjustment determined by State Law utilizing average student enrollment over a three-year period. Covid19 has restricted the states revenues which may in return impact the per pupil increase to the revenue limit.
- The District was unable to provide summer school programming in the summer of 2020 due to Covid19. Summer school enrollment is included in three-year average used for the revenue limit formula. Our summer school FTE decreased by 39. This will reduce our three-year average for the next three years.
- In November 2016 the District passed a referendum to override the revenue limit in order to implement a new teacher compensation plan. Implementation of this plan was completed during the 2018-19 fiscal year. The community has been very supportive of the Oregon School District approving two recurring referendums and a capital project referendum over the last three and a half years. It is predicted that there will be a teacher shortage in the future. The new compensation plan should help attract and retain teachers. This new compensation system should help distinguish the Oregon School District as an attractive district for prospective employees.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Andy Weiland, Business Manager, Oregon School District, 123 E. Grove Street, Oregon, Wisconsin.

**Oregon School District
Oregon, Wisconsin**

**Statement of Net Position
June 30, 2020**

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and Investments | \$ 11,945,593 |
| Restricted Cash and Investments | 13,280,181 |
| Receivables: | |
| Taxes | 7,662,391 |
| Accounts | 53,582 |
| Other | 17,262 |
| Due from Other Governments | 876,170 |
| Prepays | 26,446 |
| Inventories | 48,529 |
| Other Assets | 517,001 |
| Total Current Assets | 34,427,155 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Land and Construction in Progress | 40,528,575 |
| Capital Assets Being Depreciated | 134,404,417 |
| Less: Accumulated Depreciation | (47,245,152) |
| Net Capital Assets | 127,687,840 |
| Total Noncurrent Assets | 127,687,840 |
| Restricted Assets: | |
| Net Pension Asset | 5,729,008 |
| Total Restricted Assets | 5,729,008 |
| Total Assets | 167,844,003 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Pension Outflows | 12,364,329 |
| Deferred Supplemental Pension Outflows | 50,162 |
| Deferred OPEB Outflows | 1,822,946 |
| Total Deferred Outflows of Resources | 14,237,437 |
| Total Assets and Deferred Outflows of Resources | \$ 182,081,440 |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Statement of Net Position
June 30, 2020**

| | Governmental Activities |
|---|------------------------------------|
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | \$ 5,766,148 |
| Accrued Liabilities: | |
| Payroll and Related Items | 4,608,243 |
| Interest | 1,025,858 |
| Food Service Deposits | 99,394 |
| Other Liabilities | 15,460 |
| Due to Fiduciary Funds | 713,120 |
| Due to Other Governments | 34,688 |
| Long-Term Obligations Due Within One Year | 3,640,109 |
| Total Current Liabilities | 15,903,020 |
| Noncurrent Liabilities: | |
| Long-Term Obligations Due in More Than One Year | 89,100,524 |
| OPEB Liability | 2,924,965 |
| Supplemental Pension Liability | 837,294 |
| Total Noncurrent Liabilities | 92,862,783 |
| Total Liabilities | 108,765,803 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Pension Inflows | 17,193,639 |
| Deferred Supplemental Pension Outflows | 79,427 |
| Deferred OPEB Outflows | 1,123,365 |
| Total Deferred Inflows of Resources | 18,396,431 |
| NET POSITION | |
| Net Investment in Capital Assets | 43,763,629 |
| Restricted for: | |
| Self Insurance | 434,669 |
| Debt Service | 1,668,495 |
| Special Revenue-Nonexpendable | 7,000 |
| Special Revenue-Expendable | 782,785 |
| Capital Projects | 100 |
| Community Service | 29,041 |
| Common School Fund Carryover | 8,818 |
| Unrestricted | 8,224,669 |
| Total Net Position | 54,919,206 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 182,081,440 |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Statement of Activities
For the Year Ended June 30, 2020**

| Functions/Programs | Expenses | Program Revenue | | Net (Expense) Revenue and Changes in Net Position |
|------------------------------------|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Total Governmental Activities |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular Instruction | \$ 18,603,325 | \$ 125,165 | \$ 246,252 | \$ (18,231,908) |
| Special Education Instruction | 5,660,935 | - | 2,697,152 | (2,963,783) |
| Vocational Instruction | 1,887,650 | 429,569 | 165,314 | (1,292,767) |
| Other Instruction | 3,725,740 | 120,942 | 415,488 | (3,189,310) |
| Support Services: | | | | |
| Pupil Services | 3,306,885 | 49,380 | 226,263 | (3,031,242) |
| Instructional Staff Services | 4,121,407 | 166,908 | 320,095 | (3,634,404) |
| Administration Services | 4,313,307 | - | 3,980 | (4,309,327) |
| Operation and Maintenance of Plant | 4,155,294 | - | 158,100 | (3,997,194) |
| Pupil Transportation | 2,211,269 | 83,466 | 4,031 | (2,123,772) |
| Other Support Services | 2,075,056 | 55,909 | 37,733 | (1,981,414) |
| Community Service | 559,866 | 186,682 | 43,056 | (330,128) |
| Food Service | 1,481,938 | 834,344 | 442,142 | (205,452) |
| Interest | 2,976,901 | - | - | (2,976,901) |
| Unallocated Depreciation | 2,738,653 | - | - | (2,738,653) |
| Non-Program Services | 1,778,807 | - | - | (1,778,807) |
| Total Governmental Activities | <u>\$ 59,597,033</u> | <u>\$ 2,052,365</u> | <u>\$ 4,759,606</u> | <u>(52,785,062)</u> |

General revenues:

| | |
|--|----------------------|
| Taxes: | |
| Property Taxes, Levied for General Purposes | 21,884,253 |
| Property Taxes, Levied for Debt Service | 6,618,054 |
| Property Taxes, Levied for Specific Purpose | 555,935 |
| Federal and State Aid not Restricted to Specific Purpose | 26,396,860 |
| Interest and Investment Earnings | 658,801 |
| Miscellaneous | 99,524 |
| Total General Revenues | <u>56,213,427</u> |
| Special item - Gain (Loss) on Disposal | <u>(786)</u> |
| Change in Net Position | <u>3,427,579</u> |
| Net Position - beginning | 51,321,721 |
| Prior period adjustment - implementation of GASB Statement No. 84 | <u>169,906</u> |
| Net Position - beginning, as restated | <u>51,491,627</u> |
| Net Position - ending | <u>\$ 54,919,206</u> |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Balance Sheet
Governmental Funds
June 30, 2020**

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|----------------------|---------------------|-------------------------|---|---|
| ASSETS | | | | | |
| Cash and Investments | \$ 11,051,685 | \$ - | \$ - | \$ 893,908 | \$ 11,945,593 |
| Restricted Cash and Investments | - | 1,668,495 | 11,611,686 | - | 13,280,181 |
| Receivables: | | | | | |
| Taxes | 7,662,391 | - | - | - | 7,662,391 |
| Accounts | 42,185 | - | - | 11,397 | 53,582 |
| Other | - | - | 17,262 | - | 17,262 |
| Due from Other Funds | 293,010 | - | - | - | 293,010 |
| Due from Other Governments | 682,972 | - | - | 193,198 | 876,170 |
| Inventories | - | - | - | 48,529 | 48,529 |
| Prepaid Expenses | 26,446 | - | - | - | 26,446 |
| Other Assets | 517,001 | - | - | - | 517,001 |
| Total Assets | <u>\$ 20,275,690</u> | <u>\$ 1,668,495</u> | <u>\$ 11,628,948</u> | <u>\$ 1,147,032</u> | <u>\$ 34,720,165</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 509,938 | \$ - | \$ 5,193,153 | \$ 63,057 | \$ 5,766,148 |
| Accrued Liabilities | 1,364,782 | - | - | - | 1,364,782 |
| Accrued Wages Payable | 3,229,572 | - | - | 13,889 | 3,243,461 |
| Food Service Deposits | - | - | - | 99,394 | 99,394 |
| Other Liabilities | 6,164 | - | - | 9,296 | 15,460 |
| Due to Other Funds | 898,248 | - | - | 107,882 | 1,006,130 |
| Due to Other Governments | - | - | - | 34,688 | 34,688 |
| Total Liabilities | <u>6,008,704</u> | <u>-</u> | <u>5,193,153</u> | <u>328,206</u> | <u>11,530,063</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 543,447 | - | - | 55,529 | 598,976 |
| Restricted | 443,487 | 1,668,495 | 6,435,795 | 811,826 | 9,359,603 |
| Assigned | 2,957,042 | - | - | - | 2,957,042 |
| Unassigned (Deficit) | 10,323,010 | - | - | (48,529) | 10,274,481 |
| Total Fund Balances | <u>14,266,986</u> | <u>1,668,495</u> | <u>6,435,795</u> | <u>818,826</u> | <u>23,190,102</u> |
| Total Liabilities and Fund Balances | <u>\$ 20,275,690</u> | <u>\$ 1,668,495</u> | <u>\$ 11,628,948</u> | <u>\$ 1,147,032</u> | <u>\$ 34,720,165</u> |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020**

| | |
|---|---------------|
| Total fund balance, governmental funds | \$ 23,190,102 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | |
| <p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.</p> | 127,687,840 |
| <p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.</p> | 5,729,008 |
| <p>Certain other long-term assets and liabilities are not available to pay current period expenditures or due and payable in the current period and therefore are not reported in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.</p> | |
| Unamortized debt discounts | 9,174 |
| Unamortized debt premiums | (3,179,687) |
| <p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not current financial resources or uses and therefore are not reported in the fund statements.</p> | |
| Deferred outflows of resources | 14,237,437 |
| Deferred inflows of resources | (18,396,431) |
| <p>Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p> | |
| General obligation debt | (88,180,000) |
| Capital leases | (50,220) |
| Accrued interest on long-term debt | (1,025,858) |
| Compensated absences | (1,339,900) |
| Net OPEB liability | (2,924,965) |
| Supplemental pension (stipend) liability | (837,294) |
| Net Position of Governmental Activities in the Statement of Net Position | \$ 54,919,206 |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

| | General Fund | Debt Service | Capital Projects | Total Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-------------------------|---|---|
| REVENUES | | | | | |
| Local | \$ 22,741,279 | \$ 6,641,338 | \$ 517,270 | \$ 2,070,767 | \$ 31,970,654 |
| Interdistrict | 2,715,552 | - | - | 89,637 | 2,805,189 |
| State | 26,326,676 | - | - | 39,361 | 26,366,037 |
| Federal | 1,144,232 | - | - | 570,716 | 1,714,948 |
| Other | 168,573 | - | - | - | 168,573 |
| Total Revenues | <u>53,096,312</u> | <u>6,641,338</u> | <u>517,270</u> | <u>2,770,481</u> | <u>63,025,401</u> |
| EXPENDITURES | | | | | |
| Current Expenditures | | | | | |
| Instruction: | | | | | |
| Regular Instruction | 18,363,849 | - | 880 | 60,470 | 18,425,199 |
| Special Education Instruction | 5,649,419 | - | - | - | 5,649,419 |
| Vocational Instruction | 1,318,407 | - | - | 80,863 | 1,399,270 |
| Other Instruction | 3,251,885 | - | - | 392,520 | 3,644,405 |
| Total Instruction | <u>28,583,560</u> | <u>-</u> | <u>880</u> | <u>533,853</u> | <u>29,118,293</u> |
| Support Services: | | | | | |
| Pupil Services | 3,257,911 | - | - | 31,014 | 3,288,925 |
| Instructional Staff Services | 3,773,889 | - | 7,579 | 65,310 | 3,846,778 |
| Administration Services | 4,170,378 | - | - | 112,800 | 4,283,178 |
| Operation and Maintenance | 4,796,092 | - | 31,620 | 34,704 | 4,862,416 |
| Pupil Transportation | 2,182,551 | - | - | 28,345 | 2,210,896 |
| Other Support Services | 1,988,783 | - | 5,502 | 74,977 | 2,069,262 |
| Community Service | - | - | - | 550,936 | 550,936 |
| Food Service | - | - | - | 1,480,311 | 1,480,311 |
| Total Support Services | <u>20,169,604</u> | <u>-</u> | <u>44,701</u> | <u>2,378,397</u> | <u>22,592,702</u> |
| Non-Program Services | 1,706,972 | - | - | 71,835 | 1,778,807 |
| Total Current Expenditures | <u>50,460,136</u> | <u>-</u> | <u>45,581</u> | <u>2,984,085</u> | <u>53,489,802</u> |
| Debt Service: | | | | | |
| Principal | 25,109 | 5,995,000 | - | - | 6,020,109 |
| Interest and Fiscal Charges | - | 3,266,428 | - | - | 3,266,428 |
| Total Debt Service | <u>25,109</u> | <u>9,261,428</u> | <u>-</u> | <u>-</u> | <u>9,286,537</u> |
| Capital Outlay | 1,058,364 | - | 32,379,355 | 41,154 | 33,478,873 |
| Total Expenditures | <u>51,543,609</u> | <u>9,261,428</u> | <u>32,424,936</u> | <u>3,025,239</u> | <u>96,255,212</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,552,703</u> | <u>(2,620,090)</u> | <u>(31,907,666)</u> | <u>(254,758)</u> | <u>(33,229,811)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | 100 | 7,663 | 7,763 |
| Transfers Out | (7,763) | - | - | - | (7,763) |
| Total Other Financing Sources and Uses | <u>(7,763)</u> | <u>-</u> | <u>100</u> | <u>7,663</u> | <u>-</u> |
| Net Change in Fund Balances | <u>1,544,940</u> | <u>(2,620,090)</u> | <u>(31,907,566)</u> | <u>(247,095)</u> | <u>(33,229,811)</u> |
| Fund Balances - Beginning, as previously reported | 12,722,046 | 4,288,585 | 38,343,361 | 896,015 | 56,250,007 |
| Prior period adjustment - implementation of GASB Statement No. 84 | - | - | - | 169,906 | 169,906 |
| Fund Balances - Beginning, as restated | <u>12,722,046</u> | <u>4,288,585</u> | <u>38,343,361</u> | <u>1,065,921</u> | <u>56,419,913</u> |
| Fund Balances - Ending | <u>\$ 14,266,986</u> | <u>\$ 1,668,495</u> | <u>\$ 6,435,795</u> | <u>\$ 818,826</u> | <u>\$ 23,190,102</u> |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

Net change in fund balances - total governmental funds: \$ (33,229,811)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$33,959,730) were greater than depreciation (\$3,633,970) in the current period. 30,325,760

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year is: 5,995,000
The amount of capital lease principal payments in the current year is: 25,109

The premium on long-term debt is shown as a liability in the Statement of Net Position. The premium is shown as an other financing source in the fund financial statements. This is the amount of the annual amortization of the premium.

Annual amortization of the debt premium. 206,888

The debt discounts on long-term debt are shown as an asset in the Statement of Net Position. The discount is shown as part of interest and other fiscal charges in the fund financial statements. This is the amount of the annual amortization of the discount. (4,787)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest not reflected on governmental funds 87,427
Change in compensated absences (58,665)
Net (increase) decrease in OPEB liability and deferred outflows and inflows of resources 356,685
Net (increase) decrease in supplemental pension liability and deferred outflows and inflows of resources (100,051)
Loss on disposal of capital assets (786)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.

This is the amount of current year required contributions (\$1,878,968) into the defined benefit pension plan that were less than the actuarially determined (\$2,054,158) change in net pension liability and deferred inflows and outflows of resources between years, with adjustments. (175,190)

\$ 3,427,579

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Statement of Net Position
Fiduciary Fund
June 30, 2020**

| | Employee Benefit Trusts |
|------------------------------------|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 4,440,631 |
| Due from Other Funds | 898,248 |
| Total Assets | <u>\$ 5,338,879</u> |
| LIABILITIES | |
| Due to Other Funds | <u>\$ 185,128</u> |
| Total Liabilities | <u>185,128</u> |
| NET POSITION | |
| Restricted | 5,153,751 |
| Total Net Position | <u>5,153,751</u> |
| Total Liabilities and Net Position | <u>\$ 5,338,879</u> |

See accompanying notes to the financial statements.

**Oregon School District
Oregon, Wisconsin**

**Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2020**

| | Employee Benefit Trusts | Private Purpose Trusts |
|--|------------------------------------|-----------------------------------|
| ADDITIONS | | |
| Contributions: | | |
| Contributions to Employee Benefit Trust | \$ 1,008,520 | \$ - |
| Interest | 67,912 | - |
| Total Additions | 1,076,432 | - |
| DEDUCTIONS | | |
| Trust Fund Disbursements | 759,667 | - |
| Total Deductions | 759,667 | - |
| Change in Net Position | 316,765 | - |
| Net Position - Beginning, as previously reported | 4,836,986 | 164,013 |
| Prior period adjustment - implementation of GASB Statement No. 84 | - | (164,013) |
| Net Position - Beginning, as restated | 4,836,986 | - |
| Net Position - Ending | \$ 5,153,751 | \$ - |

See accompanying notes to the financial statements.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

A. Introduction

The Oregon School District (the “District”) is organized as a common school district. The District, governed by a seven-member elected school board, operates grades 4K through 12 and is comprised of all or parts of eleven taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. District-Wide Statements

The statement of net position and the statement of activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties. The District does not report any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented.

The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Under GASB 54, the General Fund includes the operations of the Special Education Fund.

Debt Service Fund – Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

The District accounts for fiduciary activities for post-employment benefits in an employee benefits trust fund.

The District also has the following non-major funds:

- Special Revenue
- Food Service
- Community Service
- Package Cooperative

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when paid. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables.

Property taxes are recognized as revenue in the period for which the taxes are levied if they are due in the current year and available to pay current liabilities. The 2019 tax levy is used to finance operations of the District’s fiscal year ended June 30, 2020. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time of receipt, or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred inflows of resources.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special aid entitlements.

Interest income on temporary investments is recognized in the fiscal period earned.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Costs for educational services provided the District by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

F. 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 date of acquisition.

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See footnote 3 for additional information.

G. Receivables and Payables

Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1st full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and the final payment no later than the following July 31st.

On or before January 15th, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

G. Receivables and Payables (Continued)

Interfunds

The current portion of lending/borrowing arrangements between funds is identified as “due to/from other funds.” The noncurrent portion of outstanding balances between funds is reported as “advances to/from other funds.” Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts Receivable

All accounts receivable are shown as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance is not material.

Other Assets

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year’s cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed.

H. Capital Assets

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated acquisition value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------|---------------|
| Land improvements | 10 - 20 years |
| Building improvements | 20 years |
| Buildings | 50 years |
| Furniture and equipment | 5 - 20 years |

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

I. Other Obligations

Compensated Absences

Liabilities and the related expenses for vacation and sick pay benefits are recognized when earned. Liabilities for accrued vacation and sick pay benefits are reflected in non-current liabilities. The District's policy on accumulated vested sick leave provides for a percentage payout of an employee's accumulated balance upon termination. The percentage of the payout varies based on employee position and years of service.

Benefits that require payment in future fiscal years, though related to services previously rendered, are recorded as a liability in the governmental funds to the extent they will be liquidated with expendable available resources.

The compensated absences liability accrued in the district-wide statements at June 30, 2020 represents an estimate of the compensated absences the District anticipates paying out at retirement. At retirement, employees can elect to convert unused sick leave into a post-retirement health-care benefit. The anticipated liability for these costs (once the election has been made) has been included in the District's actuarial determination of postemployment benefits and the liability under GASB 75.

Net other postemployment benefit obligations (NOPEBO)

For purposes of measuring the NOPEBO, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with benefit terms. See Note 8 for additional information.

Supplemental Pension (Stipend) Benefit

Eligible District employees hired on or after July 1, 2001 will receive a cash benefit in the form of a stipend upon their retirement. The total of the stipend is determined by the individual years of service and also participation in the District's medical plan. See Note 7 for additional information.

J. Pensions

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

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

K. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The District has multiple items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The District has multiple items that qualify for reporting in this category.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

N. Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

N. Fund Balance (Continued)

Under the District fund balance policy these funds are used for specific purposes pursuant to constraints imposed by Board action pursuant to two motions. The first motion must identify the dollar amount to be allocated from the unassigned fund balance. The second motion must identify the purpose of the expenditure. Both motions shall be approved by a two-thirds vote of the entire Board. This commitment cannot be reversed except through the same process, which must be accomplished prior to the end of the District's fiscal year.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the District Board or a body or official to which the District Board has delegated the authority to assign amounts for specific purposes.

Under the District's fund balance policy these funds may be assigned by the Business Manager, who shall allocate these funds prior to the annual audit in consultation with the Financial Assets Committee. These funds include amounts remaining from the fiscal year's building or department budgets or from miscellaneous projects which are reserved for expenditure in subsequent years.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

O. District's Fund Balance Policy

The Board recognizes the need for carrying an operating reserve in the Unassigned General Fund Balance to:

1. Provide adequate working capital sufficient to meet the District's cash flow requirements;
2. Function as a safeguard to fund unanticipated expenses; and,
3. Demonstrate fiscal responsibility and maintain District bond rating.

The Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address emergencies without borrowing. Should the Unassigned General Fund Balance be less than 10% of general fund expenditures and transfers, the Board shall adopt a four-year plan to obtain the minimum 10% Unassigned General Fund Balance as outlined above. All unexpended funds at year end which are not included within another fund balance classification will be allocated to the Unassigned General Fund Balance.

Two separate two-thirds motions shall be required for an allocation from the Unassigned General Fund Balance and then only in the event of an emergency or a combined "deficit budget" between the General (Fund 10) and Special Education Fund (Fund 27).

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

O. District’s Fund Balance Policy (Continued)

When the Business Manager determines that budgeted expenditures are likely to exceed budgeted revenues for any District fund, the Business Manager shall inform the Board Treasurer who will report this fact to the Board at its next regularly scheduled meeting. Any use of the Unassigned General Fund Balance to fund such a deficit must be approved by a two-thirds majority vote of the Board.

P. Change in Accounting Principle

Effective July 1, 2019, the District adopted GASB Statement No. 84, Fiduciary Activities. GASB No. 84 establishes criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources.

In accordance with GASB No. 84 guidance, effective July 1, 2019, operations of student activity accounts and scholarship accounts began to be reported as governmental activities. Prior to implementation of GASB No. 84, these operations were reported as fiduciary activities. Prior period adjustments were recorded as of July 1, 2019 to increase governmental activities net position and governmental fund balances on the statement of net position and statement of revenues, expenditures, and changes in fund balances – governmental funds. Fiduciary net position was decreased in the statement of changes in fiduciary net position for scholarship accounts that are now being reported as governmental activities.

Effective July 1, 2019, prior period adjustments have been recorded in the fund statements as follows:

| | Governmental Fund | Fiduciary Fund | Total Net Position/ Fund Balance impact on related funds |
|---|----------------------------|-----------------------------|--|
| | Special Revenue Fund | Private Purpose Trust | |
| | <u> </u> | <u> </u> | <u> </u> |
| Net position/fund balance, as previously reported | \$ 634,541 | \$ 164,013 | \$ 798,554 |
| Cumulative effect for change in accounting principle (GASB No. 84) | | | |
| Reclassify pupil organization accounts | 5,893 | - | 5,893 |
| Reclassify scholarship accounts | 164,013 | (164,013) | - |
| Net increase (decrease) | <u>169,906</u> | <u>(164,013)</u> | <u>5,893</u> |
| Net position/fund balance, as restated | <u>\$ 804,447</u> | <u>\$ -</u> | <u>\$ 804,447</u> |

The pupil organization accounts were reported as an agency fund in prior years and did not have net position. As of June 30, 2019, the \$5,893 of scholarship accounts were reported as liabilities.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

P. Change in Accounting Principle (Continued)

Effective July 1, 2019, prior period adjustments have been recorded in the statement of activities as follows:

| | Governmental Activities |
|---|----------------------------|
| Net position, as previously reported | \$ 51,321,721 |
| Cumulative effect for change in accounting principle (GASB No. 84) | |
| Reclassify pupil organization accounts | 5,893 |
| Reclassify scholarship accounts | 164,013 |
| Net increase (decrease) | 169,906 |
| Net position, as restated | \$ 51,491,627 |

2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of four broad categories:

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
2. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.
4. Payments to retired employees for postemployment benefits are recorded when paid in the fund financial statements. Expenses are recorded in the statement of activities when incurred. Payments to retired employees reduce the postemployment liabilities.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

3. Cash and Investments

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2020 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

| <u>Depository:</u> | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Associated Risk</u> |
|------------------------------|----------------------------|-----------------------|--|
| Local Financial Institutions | \$ 415,056 | \$ 449,862 | Custodial credit risk |
| WISC | | | |
| Money Market Accounts | 20,215,088 | 21,540,602 | Credit risk, interest rate risk |
| CDs | 481,500 | 481,500 | Custodial credit risk, credit risk, interest rate risk |
| LGIP | 8,554,761 | 8,554,761 | Credit risk, interest rate risk |
| Total June 30, 2020 | <u>\$ 29,666,405</u> | <u>\$ 31,026,725</u> | |

A reconciliation of cash and investments as shown on the statements is as follows:

| | |
|---|----------------------|
| Governmental Activities | |
| Cash and Investments - Current | \$ 11,945,593 |
| Restricted Cash and Investments - Current | 13,280,181 |
| Employee Benefit Trust | 4,440,631 |
| Total | <u>\$ 29,666,405</u> |

Restricted cash in the amount of \$1,668,495 in the Debt Service fund and \$11,611,686 in the Capital Projects fund includes amounts set aside for future payment of G.O. debt and capital project expenditures. The restricted cash to pay for these future requirements is offset in the restricted fund balance of the respected funds.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2020, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported on this page. Information on derivatives was not available to the District.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

3. Cash and Investments (Continued)

Investment allocation in the LGIP as of June 30, 2020 was: 93.78% in U.S. Government Securities, 1.74% in Certificates of Deposit and Bankers' Acceptances, and 4.48% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Investments Authorized by Wisconsin State Statutes

Investment of District funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts dealer.
- Bonds issued by the Wisconsin Aerospace Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity its fair value has to changes in market interest rates. The District's investment policy minimizes this risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby, avoiding the need to sell securities on the open market prior to maturity.

- The Local Government Investment Pool investments have an average maturity of 31 days.
- The WISC CD investments have maturities after June 30, 2020 as follows:

| | |
|----------------------|------------|
| Less than six months | \$ 481,500 |
|----------------------|------------|

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has an investment policy that limits investments to only those authorized under Wisconsin Statute 66.060.

- As of June 30, 2020, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

3. Cash and Investments (Continued)

Concentration of Credit Risk

The District does not have a policy for concentration of credit risk. No District investment represents 5% or more of the total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District's investment policy eliminates this risk by permitting brokers hold investments only to the extent there is SIPC and excess SIPC coverage available. Securities purchases that exceed available SIPC coverage shall be transferred to the District custodian. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposits accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000.

As of June 30, 2020, the District's deposits with financial institutions were insured as follows:

| | |
|--|------------|
| Insured by FDIC and State Deposit Guarantee Fund | \$ 931,362 |
| | \$ 931,362 |

4. Capital Assets

| | Balance 7/1/2019 | Additions | Retirements | Balance 6/30/2020 |
|--|---------------------|---------------|-------------|----------------------|
| Governmental Activities | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 4,590,909 | \$ - | \$ - | \$ 4,590,909 |
| Construction in Progress | 3,595,408 | 32,342,258 | - | 35,937,666 |
| Total Non-Depreciable Capital Assets | 8,186,317 | 32,342,258 | - | 40,528,575 |
| Capital Assets being Depreciated: | | | | |
| Buildings | 121,446,866 | 670,797 | - | 122,117,663 |
| Furniture and Equipment | 10,110,500 | 832,960 | (1,151,577) | 9,791,883 |
| Land Improvements | 2,381,156 | 113,715 | - | 2,494,871 |
| Total Capital Assets being Depreciated | 133,938,522 | 1,617,472 | (1,151,577) | 134,404,417 |
| Less Accumulated Depreciation | (44,761,973) | (3,633,970) | 1,150,791 | (47,245,152) |
| Net Governmental Capital Assets | \$ 97,362,866 | \$ 30,325,760 | \$ (786) | \$ 127,687,840 |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

4. Capital Assets (Continued)

Depreciation expense was charged to the following functions:

| | |
|---|----------------------------|
| Regular instruction | \$ 323,744 |
| Support and administration | 50,741 |
| Operation and maintenance | 141,656 |
| Vocational instruction | 31,521 |
| Special education instruction | 6,593 |
| Other instruction | 44,642 |
| Pupil services | 1,960 |
| Instructional staff services | 268,535 |
| Community services | 7,069 |
| Food services | 18,856 |
| Depreciation not charged to a specific function | 2,738,653 |
| Total depreciation | <u><u>\$ 3,633,970</u></u> |

5. Long-Term Obligations

Long-term obligations of the District are as follows:

| | Balance 7/1/2019 | Issued | Retired | Balance 6/30/2020 | Amount Due Within One Year |
|----------------------------|----------------------|------------------|---------------------|----------------------|----------------------------------|
| G.O. Bonds | \$ 94,175,000 | \$ - | \$ 5,995,000 | \$ 88,180,000 | \$ 3,615,000 |
| Subtotal G.O. Debt | <u>94,175,000</u> | <u>-</u> | <u>5,995,000</u> | <u>88,180,000</u> | <u>3,615,000</u> |
| Premium (discount) on debt | 3,372,614 | - | 202,101 | 3,170,513 | - |
| Capital lease | 75,329 | - | 25,109 | 50,220 | 25,109 |
| Compensated absences | 1,281,235 | 58,665 | - | 1,339,900 | - |
| Total Long-Term Debt | <u>\$ 98,904,178</u> | <u>\$ 58,665</u> | <u>\$ 6,222,210</u> | <u>\$ 92,740,633</u> | <u>\$ 3,640,109</u> |

The compensated absences liability is paid out of the General Fund.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

5. Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2020 is comprised of the following individual issues:

| Description | Issue Date | Interest Rate % | Date of Maturity | Balance 6/30/2020 | Amount Due Within One Year |
|--|------------|-----------------|------------------|----------------------|----------------------------|
| GO Refunding Bonds | 12/1/2011 | 2-3.35% | 3/1/2023 | \$ 1,050,000 | \$ 340,000 |
| GO School Improvement Bonds | 3/2/2015 | 2.5-4.0% | 3/1/2035 | 45,555,000 | 2,420,000 |
| GO School Building & Improvement Bonds | 3/1/2019 | 3.0-5.0% | 3/1/2039 | 41,575,000 | 855,000 |
| Total General Obligation Debt | | | | <u>\$ 88,180,000</u> | <u>\$ 3,615,000</u> |

The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,663,018,294. The legal debt limit and margin of indebtedness as of June 30, 2020, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

| | |
|---|------------------------------|
| Debt Limit (10% of \$2,663,018,294) | \$ 266,301,829 |
| Deduct long-term debt applicable to debt margin | <u>88,180,000</u> |
| Margin of indebtedness | <u><u>\$ 178,121,829</u></u> |

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2020 are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|----------------------|-----------------------|
| 2021 | \$ 3,615,000 | \$ 3,062,429 | \$ 6,677,429 |
| 2022 | 3,755,000 | 2,936,879 | 6,691,879 |
| 2023 | 3,900,000 | 2,780,704 | 6,680,704 |
| 2024 | 3,655,000 | 2,656,394 | 6,311,394 |
| 2025 | 3,775,000 | 2,540,019 | 6,315,019 |
| 2026-2030 | 21,120,000 | 10,498,734 | 31,618,734 |
| 2031-2035 | 25,020,000 | 6,634,644 | 31,654,644 |
| 2036-2039 | 23,340,000 | 2,049,073 | 25,389,073 |
| Totals | <u>\$ 88,180,000</u> | <u>\$ 33,158,876</u> | <u>\$ 121,338,876</u> |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

5. Long-Term Obligations (Continued)

Capital Lease Commitment

The District has entered into a lease agreement for financing the acquisition of athletic scoreboards in the amount of \$125,547. This lease agreement qualifies as a capital lease for accounting purposes. The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

| | | |
|---|----|----------------------|
| Year Ended June 30, | | |
| 2021 | \$ | 25,109 |
| 2022 | | 25,111 |
| Total minimum lease payments | | <u>50,220</u> |
| Less: Amount representing interest | | <u>-</u> |
| Present value of net minimum lease payments | \$ | <u><u>50,220</u></u> |

6. Employee Retirement Plans

Defined Benefit Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2012, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-andstudies/financial-reports-and-statements>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2012, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2012, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2017) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Employee Retirement Plans (Continued)

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|-----------------------------|---------------------------------|
| 2010 | (1.3%) | 22% |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,878,968 in contributions from the employer.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Employee Retirement Plans (Continued)

Contribution rates as of June 30, 2020 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (including teachers, executives and elected officials) | 6.75% | 6.75% |
| Protective with Social Security | 6.75% | 11.65% |
| Protective without Social Security | 6.75% | 16.25% |

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

At June 30, 2020, the District reported a liability (asset) of (\$5,729,008) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.17767363%, which was an increase of 0.00191409% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Oregon School District recognized pension expense of \$2,133,187.

At June 30, 2020, the Oregon School 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 | \$ 10,874,967 | \$ (5,442,193) |
| Changes of assumptions | 446,441 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (11,712,130) |
| Changes in proportion and difference between District contributions and proportionate share of contributions | 15,932 | (39,316) |
| District contributions subsequent to the measurement date | 1,026,989 | - |
| Total | <u>\$ 12,364,329</u> | <u>\$ (17,193,639)</u> |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Employee Retirement Plans (Continued)

\$1,026,989 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended June 30: | Net Deferred Outflows (Inflows) of Resources |
|----------------------------|---|
| 2021 | \$ (1,750,314) |
| 2022 | (1,298,680) |
| 2023 | 202,400 |
| 2024 | (3,009,705) |
| 2025 | - |
| Total | \$ (5,856,299) |

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | December 31, 2018 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2019 |
| Actuarial Cost Method: | Entry Age |
| Asset Valuation Method: | Fair Market Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Post-Retirement Adjustments* | 1.9% |

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Employee Retirement Plans (Continued)

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
As of December 31, 2019

| <u>Core Fund Asset Class</u> | <u>Asset Allocation %</u> | <u>Long-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
|----------------------------------|---------------------------|--|---|
| Global Equities | 49 | 8.0 | 5.1 |
| Fixed Income | 24.5 | 4.9 | 2.1 |
| Inflation Sensitive Assets | 15.5 | 4.0 | 1.2 |
| Real Estate | 9 | 6.3 | 3.5 |
| Private Equity/Debt | 8 | 10.6 | 7.6 |
| Multi-Asset | 4 | 6.9 | 4.0 |
| Total Core Fund | <u>110</u> | <u>7.5</u> | <u>4.6</u> |
| | | | |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70 | 7.5 | 4.6 |
| International Equities | 30 | 8.2 | 5.3 |
| Total Variable Fund | <u>100</u> | <u>7.8</u> | <u>4.9</u> |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

6. Employee Retirement Plans (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|---|---|--|---|
| District's proportionate share of the net pension liability (asset) | \$ 14,753,221 | \$ (5,729,008) | \$ (21,041,832) |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

7. Supplemental Pension (Stipend) Benefit

The District follows GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, which allows the District to report its liability for supplemental pension benefits and to reflect an actuarially determined liability for the present value of projected future benefits for employees on the financial statements.

At June 30, 2020, the District’s total pension liability was actuarially valued as of June 30, 2019 and measured as of June 30, 2019.

Plan Description, Vesting, and Benefits Provided. Employees not classified as Administrators may receive, in lieu of the OPEB benefits as stated in Note 8, a stipend benefit. The annual amount of this stipend differs by classification. A brief description of the stipend benefits are noted below.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

7. Supplemental Pension (Stipend) Benefit (Continued)

Stipend Benefit. At the time of retirement, if an employee is at least age 55 with a minimum of 10 years of service with the District, or is an Administrator without 10 years of service, the District shall contribute one lump sum to a 401(a) or 403(b) account for qualifying retirees at the following rates:

- \$1,000 per year of service for employees covered by District-sponsored family health coverage plan for a minimum of six months.
- \$500 per year of service for employees covered by District-sponsored single health coverage plan for a minimum of six months.
- \$250 per year of service for those employees who do not qualify for any of the above benefits.

After exhaustion of District benefit, eligible retirees are allowed to remain on the District's group medical plan provided that the retiree self-pays the full amount (100%) of the premiums.

There are 452 active employees and no retirees in the plan as of the measurement date of June 30, 2019.

Funding Policy. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. For the year ended June 30, 2020, the District recognized a supplemental pension expense of \$117,051.

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

| Gain / Loss | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experiences | \$ 24,727 | \$ (41,104) |
| Changes of assumptions or other inputs | 8,435 | (38,323) |
| District contributions subsequent to the measurement date | 17,000 | - |
| Total | \$ 50,162 | \$ (79,427) |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

7. Supplemental Pension (Stipend) Benefit (Continued)

\$17,000 reported as deferred outflows of resources related to the supplemental pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the supplemental pension will be recognized in pension expense as follows:

| Year Ended June 30: | Net Deferred Outflows (Inflows) of Resources |
|----------------------------|---|
| 2021 | \$ (3,742) |
| 2022 | (3,742) |
| 2023 | (3,742) |
| 2024 | (3,742) |
| 2025 | (3,742) |
| Thereafter | (27,555) |
| Total | \$ (46,265) |

Below is a schedule of changes in the total pension liability for the current reporting period:

| | |
|---|------------|
| Beginning Balance | \$ 706,471 |
| Changes for the Year | |
| Service Costs | 93,034 |
| Interest | 27,759 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experiences | 26,493 |
| Changes of Assumptions or Other Inputs | 9,037 |
| Benefit Payments | (25,500) |
| Net Changes | 130,823 |
| Ending Balance | \$ 837,294 |

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | June 30, 2019 |
| Measurement Date of Total Pension Liability | June 30, 2019 |
| Discount Rate: | 3.50% - Implicit in this rate is 2.50% assured rate of inflation. 3.50% based upon a municipal bond rate on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period. |
| Projected salary increases | 3.00% |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.75 percent in 2018 to 3.50 percent in 2019.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

7. Supplemental Pension (Stipend) Benefit (Continued)

Mortality, disability and retirement rates are based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

Actuarial assumptions are based upon an experience study conducted in 2018 using WRS experience from 2015-2017.

Single Discount Rate. A single discount rate of 3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%) was used in this valuation in calculating the supplemental pension liability. It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate. The following presents the District's total pension liability calculated using the discount rate of 3.50 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage point higher (4.50 percent) than the current rate:

| | 1% Decrease to Discount Rate (2.50%) | Current Discount Rate (3.50%) | 1% Increase to Discount Rate (4.50%) |
|-------------------------|--|-------------------------------------|--|
| Total Pension Liability | \$ 895,456 | \$ 837,294 | \$ 781,592 |

8. Other Postemployment Benefits (OPEB) Plan

The District follows GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, which allows the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

At June 30, 2020, the District's net OPEB liability was measured as of June 30, 2019, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Description of the Plan. The District administers a single-employer defined benefit healthcare plan for the payment of the District's OPEB liability relating to medical and dental insurance. In addition, the District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. Both of these result in another post-employment benefit (OPEB), the latter commonly referred to as an implicit rate subsidy. Calculations are based on the pattern of sharing of costs between the employer and plan members at that point.

The District does not issue a stand-alone financial report for this plan.

Funding Policy. The District established the Oregon School District Post-Employment Benefits Trust in order to accumulate funds and finance the costs of OPEB.

Contributions. The trust does not require any employee or employer contributions.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

8. Other Postemployment Benefits (OPEB) Plan (Continued)

Detail of Benefits. The District will contribute 90% of the lowest cost medical and dental premiums, frozen at the time of retirement, to qualified Administrators, at least age 55 with a minimum of 10 years of service, on behalf of the retiree for a period of eight years. The contribution may exceed Medicare-eligibility. Any monies resulting from unused sick leave accumulated upon retirement may be used to continue coverage under the District’s group plans.

The District will contribute 90% of the lowest cost medical and dental premiums, frozen at the time of retirement, to all other qualified District employees, at least age 55 with a minimum of 10 years of service and hired prior to July 1, 2001, on behalf of the retiree for a period of four years but not to exceed Medicare-eligibility. Any monies resulting from unused sick leave accumulated upon retirement may be used to continue coverage under the District’s group plans.

All other District employees not classified as administrators, hired on or after July 1, 2001, who retire at age 55 or greater and have reached ten years of service in the District are eligible for a supplemental stipend benefit described in Note 7.

After exhaustion of the District benefit, eligible retirees are allowed to remain on the District’s group medical plan provided that the retiree self-pays the full amount (100%) of the premiums for the duration of COBRA.

Employees Covered by Benefit Terms. Employees participating in the OPEB benefit consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 48 |
| Active employees | 434 |
| | 482 |

*Employees are not eligible for benefits unless they were hired prior to July 1, 2001. While the total number of participants noted above include those that are not currently eligible to receive benefits, those individuals were excluded in the calculation of the actual liability.

Net OPEB Liability

The District’s net OPEB liability of \$2,924,965 was measured at June 30, 2019, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The net OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.50% |
| Salary increases | 3.00% average, including inflation |
| Discount rate | 3.50% |
| Healthcare cost trend rates | 4.00% in Year 1 and 2, then 6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

8. Other Postemployment Benefits (OPEB) Plan (Continued)

Mortality rates were based the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the June 30, 2019 valuation were based on a study conducted in 2018 using the WRS experience from 2015-2017.

Discount Rate. The discount rate used to measure the total net OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability. The long-term expected rate of return is equal to the discount rate.

The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement date.

The current investment allocation of the District's OPEB plan's asset classes are as follows: 100% - money market accounts.

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|--|--------------------------------|----------------------------------|-------------------------------|
| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Balance at 6/30/2018 | <u>\$ 7,521,346</u> | <u>\$ 4,305,374</u> | <u>\$ 3,215,972</u> |
| Changes for the year: | | | |
| Service cost | 418,390 | - | 418,390 |
| Interest | 277,869 | - | 277,869 |
| Differences between expected and actual experience | (296,255) | - | (296,255) |
| Changes in assumptions or other inputs | 228,302 | - | 228,302 |
| Contributions - employer | - | 826,145 | (826,145) |
| Net investment income | - | 93,168 | (93,168) |
| Benefit payments | (641,378) | (641,378) | - |
| Net Changes | <u>(13,072)</u> | <u>277,935</u> | <u>(291,007)</u> |
| Balance at 6/30/2019 | <u>\$ 7,508,274</u> | <u>\$ 4,583,309</u> | <u>\$ 2,924,965</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.75 percent in 2018 to 3.50 percent in 2019.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

8. Other Postemployment Benefits (OPEB) Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

| | 1% Decrease 2.50% | Current Discount Rate 3.50% | 1% Increase 4.50% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability | \$ 3,287,476 | \$ 2,924,965 | \$ 2,571,530 |

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates. The following represents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00 percent Years 1 and 2, then 5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (5.00 percent Years 1 and 2, then 7.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

| | 1% Decrease (3.00% in Year 1 and 2, then 5.50% decreasing to 4.00%) | Healthcare Cost Trend Rates (4.00% in Year 1 and 2, then 6.50% decreasing to 5.00%) | 1% Increase (5.00% in Year 1 and 2, then 7.50% decreasing to 6.00%) |
|--------------------|--|--|--|
| Net OPEB Liability | \$ 2,431,420 | \$ 2,924,965 | \$ 3,471,662 |

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

For the year ended June 30, 2020, the District recognized an OPEB expense of \$541,563. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related the OPEB from the following sources:

| Gain / Loss | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experiences | \$ 567,366 | \$ (269,323) |
| Changes of assumptions or other inputs | 207,547 | (854,042) |
| Net differences between projected and actual earnings on OPEB plan investments | 149,785 | - |
| District contributions subsequent to the measurement date | 898,248 | - |
| Total | \$ 1,822,946 | \$ (1,123,365) |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

8. Other Postemployment Benefits (OPEB) Plan (Continued)

\$898,248 reported as deferred outflows related to OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the supplemental pension will be recognized in pension expense as follows:

| Year Ended June 30: | Net Deferred Outflows (Inflows) of Resources |
|----------------------------|---|
| 2021 | \$ 10,220 |
| 2022 | 10,218 |
| 2023 | (8,061) |
| 2024 | (26,672) |
| 2025 | (41,020) |
| Thereafter | (143,352) |
| Total | \$ (198,667) |

9. Interfund Transactions

Receivables/Payables

| Payable Fund | Receivable Fund | Amount | Purpose |
|-------------------------|-------------------------|------------|--------------------|
| Employee Benefit Trusts | General Fund | \$ 185,128 | OPEB Implicit Rate |
| Package Cooperative | General Fund | 107,882 | Cash Shortfall |
| General Fund | Employee Benefit Trusts | 898,248 | OPEB Contributions |

Transfers

| Fund Transferred To | Fund Transferred From | Amount | Purpose |
|---------------------|-----------------------|--------|--------------------------------------|
| Capital Projects | General Fund | \$ 100 | Establish Long-Term Improvement Fund |
| Food Service | General Fund | 7,663 | Eliminate Deficit |

10. Self-Funded Insurance Program

The District established a self-funded dental benefit plan for its employees. The Plan administrator is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30th.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District. The District has no stop-loss coverage for dental care coverage of the Plan. However, there is a maximum benefit of \$2,000 per person per benefit accumulation period.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

10. Self-Funded Insurance Program (Continued)

At June 30, 2020, the District has reported a liability of \$46,971, which represents reported and unreported claims which were incurred on or before June 30, 2020, but were not paid by the District as of that date. Incurred but not reported (IBNR) claims consist of claims reported to the Plan Administrator but not the District and claims which were not yet reported to either the Plan Administrator or the District.

| | Accrued Balance at Beginning of Year | Current year Claims and Changes in Estimates | Claim Payments | Accrued Balance at End of Year |
|-----------|---|---|----------------|-----------------------------------|
| 2017-2018 | \$ 49,995 | \$ 666,677 | \$ 669,171 | \$ 47,501 |
| 2018-2019 | \$ 47,501 | \$ 737,274 | \$ 732,856 | \$ 51,919 |
| 2019-2020 | \$ 51,919 | \$ 611,982 | \$ 616,982 | \$ 46,971 |

11. Fund Balances / Net Position

Fund Balance

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Community Service</u> | <u>Special Revenue</u> | <u>Food Service</u> | <u>Total</u> |
|------------------------------------|----------------------|-----------------------------|---------------------|------------------------------|----------------------------|-------------------------|----------------------|
| Fund Balances: | | | | | | | |
| <u>Nonspendable:</u> | | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 48,529 | \$ 48,529 |
| Prepays | 26,446 | - | - | - | - | - | 26,446 |
| Tech Houses | 517,001 | - | - | - | - | - | 517,001 |
| Corpus of Permanent Fund | - | - | - | - | 7,000 | - | 7,000 |
| <u>Restricted for:</u> | | | | | | | |
| Self Insurance | 434,669 | - | - | - | - | - | 434,669 |
| Common School Fund Carryover | 8,818 | - | - | - | - | - | 8,818 |
| Debt Service Reserve | - | - | 1,668,495 | - | - | - | 1,668,495 |
| Donor Restrictions | - | - | - | - | 782,785 | - | 782,785 |
| Capital Projects | - | 6,435,795 | - | - | - | - | 6,435,795 |
| Community Service | - | - | - | 29,041 | - | - | 29,041 |
| <u>Assigned to:</u> | | | | | | | |
| Department Carryover | 383,878 | - | - | - | - | - | 383,878 |
| Building Carryover | 294,881 | - | - | - | - | - | 294,881 |
| OEA Referendum | 645,969 | - | - | - | - | - | 645,969 |
| COVID-19 Reserve | 1,500,000 | - | - | - | - | - | 1,500,000 |
| Director of Instruction | 132,314 | - | - | - | - | - | 132,314 |
| <u>Unassigned (Deficit)</u> | <u>10,323,010</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(48,529)</u> | <u>10,274,481</u> |
| Total Fund Balances | <u>\$ 14,266,986</u> | <u>\$ 6,435,795</u> | <u>\$ 1,668,495</u> | <u>\$ 29,041</u> | <u>\$ 789,785</u> | <u>\$ -</u> | <u>\$ 23,190,102</u> |

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

11. Fund Balances / Net Position (Continued)

Net Position

Net position reported on the government-wide statement of net position at June 30, 2020 includes the following:

| Governmental | |
|--|-----------------------------|
| Capital Assets net of depreciation | \$ 127,687,840 |
| Less: related long-term debt outstanding | (87,180,220) |
| Less: unamortized debt premium | (3,179,686) |
| Net unspent bond proceeds | 6,435,695 |
| Total Net Investment in Capital Assets | <u><u>\$ 43,763,629</u></u> |

12. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

History of Increased Revenue Limits

In November of 2008 the residents of the Oregon School District passed a referendum that the District could override its revenue limit by \$400,000 each year for capital maintenance projects for the next 10 years, beginning in the 2011-2012 school year.

In November of 2014 the residents of the Oregon School District passed a referendum that the District could override its revenue limit by \$355,864 each year on a recurring basis, beginning in the 2015-16 school year. This is in order to pay for increased maintenance and utility costs due to the building expansions.

In November of 2016 the residents of the Oregon School District passed a referendum that the District could override its revenue limit by \$1,500,000 each year on a recurring basis, beginning in the 2016-17 school year. This is in order to pay for employee compensation for teachers and other educational staff.

In November of 2019 the residents of the Oregon School District passed a referendum that the District could override its revenue limit by \$2,118,487 each year on a recurring basis, beginning in the 2020-21 school year. This is in order to pay for operation and maintenance expenses of the District including capital maintenance projects at the District facilities, the cost of operation a new elementary school and District staffing costs.

OREGON SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

13. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

14. Effect of New Accounting Standards on Current Period Financial Statements

GASB has adopted GASB Statement No. 87, Leases, and GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. When these become effective, application of these standards may restate portions of these financial statements.

15. Commitments

As of June 30, 2020, the District had contracts in place with architectural and construction management companies for the construction of a new elementary school. Total contract commitments related to the project amounted to \$36,207,628. The new elementary school project costs totaled \$35,937,666 as of June 30, 2020, which includes the construction management and architectural commitments, and therefore, presented as construction in progress on the statement of net position.

16. Contingencies

The recent spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. In March 2020 and through the remainder of the 2019/2020 school year, the State of Wisconsin required the closing of schools and in person learning, and school instruction was shifted to virtual platforms.

The full financial impact on the District is unknown. It is anticipated that the impacts of COVID-19 will continue for some time. Future impacts may include changes to student enrollment. Student enrollment factor into calculations for certain state aid revenues and impacts revenue limits. Enrollment changes from COVID-19 could impact multiple school years as certain aid and revenue limit calculations use a three-year enrollment rolling average. Other impacts may include, but are not limited to, continued disruptions of in-person schooling and events, and restrictions on employees' ability to work. Changes to the operating environment are also expected to increase operating costs.

17. Subsequent Events

In July 2020, the District purchased a parcel of land for \$331,400. Additionally, in September 2020, the District purchased property adjacent to the land at a cost of \$446,585. Both purchases are to be used for environmental programs.

In August 2020, the District sold a parcel of land for \$242,782.

REQUIRED SUPPLEMENTARY INFORMATION

**Oregon School District
Oregon, Wisconsin**

**Budgetary Comparison Schedule for the General Fund
Budget and Actual
For the Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Local | \$ 23,190,682 | \$ 22,765,682 | \$ 22,741,279 | \$ (24,403) |
| Interdistrict | 2,649,644 | 2,649,644 | 2,709,169 | 59,525 |
| State | 24,351,696 | 24,380,194 | 24,381,061 | 867 |
| Federal | 221,672 | 221,672 | 328,003 | 106,331 |
| Other | 143,942 | 143,942 | 168,573 | 24,631 |
| Total Revenues | <u>50,557,636</u> | <u>50,161,134</u> | <u>50,328,085</u> | <u>166,951</u> |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| Instruction: | | | | |
| Regular Instruction | 19,040,569 | 18,953,342 | 18,363,849 | 589,493 |
| Vocational Instruction | 1,470,334 | 1,470,334 | 1,318,251 | 152,083 |
| Other Instruction | 3,231,391 | 3,298,542 | 3,251,885 | 46,657 |
| Support Service: | | | | |
| Pupil Services | 1,831,294 | 1,811,294 | 1,785,950 | 25,344 |
| Instructional Staff Services | 3,776,554 | 3,868,206 | 3,325,689 | 542,517 |
| Administration Services | 4,336,423 | 4,345,044 | 4,170,378 | 174,666 |
| Operation and Maintenance of Plant | 4,868,822 | 4,868,822 | 4,794,969 | 73,853 |
| Pupil Transportation | 2,153,786 | 2,153,786 | 1,975,874 | 177,912 |
| Other Support Services | 2,307,476 | 2,337,476 | 1,953,707 | 383,769 |
| Non-Program Services | 1,610,351 | 1,610,351 | 1,579,576 | 30,775 |
| Debt Service: | | | | |
| Principal Repayment | 25,109 | 25,109 | 25,109 | - |
| Capital Outlay | 1,909,954 | 1,473,333 | 1,058,364 | 414,969 |
| Total Expenditures | <u>46,562,063</u> | <u>46,215,639</u> | <u>43,603,601</u> | <u>2,612,038</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>3,995,573</u> | <u>3,945,495</u> | <u>6,724,484</u> | <u>2,778,989</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | <u>(5,437,102)</u> | <u>(5,387,024)</u> | <u>(5,179,544)</u> | <u>207,480</u> |
| Total Other Financing Sources and Uses | <u>(5,437,102)</u> | <u>(5,387,024)</u> | <u>(5,179,544)</u> | <u>207,480</u> |
| Net Change in Fund Balances | (1,441,529) | (1,441,529) | 1,544,940 | 2,986,469 |
| Fund Balances - Beginning | <u>12,722,046</u> | <u>12,722,046</u> | <u>12,722,046</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 11,280,517</u> | <u>\$ 11,280,517</u> | <u>\$ 14,266,986</u> | <u>\$ 2,986,469</u> |

See accompanying notes to the required supplementary information.

**Oregon School District
Oregon, Wisconsin**

**Budgetary Comparison Schedule for the
Special Education Fund - Budget and Actual
For the Year Ended June 30, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Interdistrict | \$ - | \$ - | \$ 6,383 | \$ 6,383 |
| State | 1,857,187 | 1,868,187 | 1,945,615 | 77,428 |
| Federal | 1,112,711 | 1,112,711 | 816,229 | (296,482) |
| Total Revenues | <u>2,969,898</u> | <u>2,980,898</u> | <u>2,768,227</u> | <u>(212,671)</u> |
| EXPENDITURES | | | | |
| Current Expenditures | | | | |
| Instruction: | | | | |
| Special Education Instruction | 5,883,417 | 5,843,339 | 5,649,419 | 193,920 |
| Vocational Instruction | - | - | 156 | (156) |
| Support Service: | | | | |
| Pupil Services | 1,482,979 | 1,483,979 | 1,471,961 | 12,018 |
| Instructional Services | 550,807 | 550,757 | 448,200 | 102,557 |
| Operation and Maintenance of Plant | - | - | 1,123 | (1,123) |
| Pupil Transportation | 233,773 | 233,773 | 206,677 | 27,096 |
| Other Support Services | 35,050 | 35,100 | 35,076 | 24 |
| Non-Program Services | 226,266 | 226,266 | 127,396 | 98,870 |
| Total Expenditures | <u>8,412,292</u> | <u>8,373,214</u> | <u>7,940,008</u> | <u>433,206</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(5,442,394)</u> | <u>(5,392,316)</u> | <u>(5,171,781)</u> | <u>220,535</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 5,442,394 | 5,392,316 | 5,171,781 | (220,535) |
| Total Other Financing Sources and Uses | <u>5,442,394</u> | <u>5,392,316</u> | <u>5,171,781</u> | <u>(220,535)</u> |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - Beginning | - | - | - | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to the required supplementary information.

**Oregon School District
Oregon, Wisconsin**

**Reconciliation of Differences between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures
For the Year Ended June 30, 2020**

| | <u>General Fund</u> | <u>Special Education Fund</u> |
|---|-------------------------|---------------------------------------|
| A) Sources/Inflows of Resources: | | |
| Actual amounts "total revenues" from the budgetary comparison schedules | \$ 50,328,085 | \$ 2,768,227 |
| Reclassification: Special education fund revenues are reclassified to the general fund, required for GAAP reporting | <u>2,768,227</u> | <u>(2,768,227)</u> |
| The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds | <u>\$ 53,096,312</u> | <u>\$ -</u> |
| | <u>General Fund</u> | <u>Special Education Fund</u> |
| B) Uses/Outflows of Resources: | | |
| Actual amounts "total expenditures" from the budgetary comparison schedules | \$ 43,603,601 | \$ 7,940,008 |
| Reclassification: Special education fund expenditures are reclassified to the general fund, required for GAAP reporting | <u>7,940,008</u> | <u>(7,940,008)</u> |
| The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds | <u>\$ 51,543,609</u> | <u>\$ -</u> |

See accompanying notes to the required supplementary information.

**OREGON SCHOOL DISTRICT
DISTRICT NET OPEB LIABILITY SCHEDULES
For the Year Ended June 30, 2020**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS AS OF THE
MEASUREMENT DATE**

| | 2019 | 2018 | 2017 | 2016 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | |
| Service costs | \$ 418,390 | \$ 433,314 | \$ 475,482 | \$ 475,482 |
| Interest | 277,869 | 258,584 | 226,279 | 223,910 |
| Changes in benefit terms | - | - | - | - |
| Difference between expected and actual experience | (296,255) | - | 780,129 | - |
| Changes in assumptions or other inputs | 228,302 | (87,212) | (1,076,194) | - |
| Benefit payments | (641,378) | (509,593) | (568,653) | (672,199) |
| Net change in total OPEB | \$ (13,072) | \$ 95,093 | \$ (162,957) | \$ 27,193 |
| Total OPEB Liability-Beginning | 7,521,346 | 7,426,253 | 7,589,210 | 7,562,017 |
| Total OPEB Liability-Ending (a) | <u>\$ 7,508,274</u> | <u>\$ 7,521,346</u> | <u>\$ 7,426,253</u> | <u>\$ 7,589,210</u> |
| Fiduciary Net Position | | | | |
| Contributions - employer | \$ 826,145 | \$ 781,740 | \$ 864,588 | \$ 928,542 |
| Net investment income | 93,168 | 51,088 | 22,939 | 10,403 |
| Benefit payments | (641,378) | (509,593) | (568,653) | (672,199) |
| Administrative expense | - | - | - | - |
| Net change in fiduciary net position | \$ 277,935 | \$ 323,235 | \$ 318,874 | \$ 266,746 |
| Fiduciary Net Position-Beginning | 4,305,374 | 3,982,139 | 3,663,265 | 3,396,519 |
| Fiduciary Net Position-Ending (b) | <u>\$ 4,583,309</u> | <u>\$ 4,305,374</u> | <u>\$ 3,982,139</u> | <u>\$ 3,663,265</u> |
| Net OPEB Liability | | | | |
| Net OPEB Liability - ending (a) - (b) | <u>\$ 2,924,965</u> | <u>\$ 3,215,972</u> | <u>\$ 3,444,114</u> | <u>\$ 3,925,945</u> |
| Fiduciary net position as a percentage of the Total OPEB Liability | 61.04% | 57.24% | 53.62% | 48.27% |
| Covered Employee Payroll | \$ 25,351,488 | \$ 21,033,997 | \$ 21,033,997 | \$ 8,569,444 |
| Net OPEB Liability as a percentage of covered-employee payroll | 11.54% | 15.29% | 16.37% | 45.81% |

See accompanying notes to the required supplementary information.

**OREGON SCHOOL DISTRICT
DISTRICT NET OPEB LIABILITY SCHEDULES
For the Year Ended June 30, 2020**

**SCHEDULE OF DISTRICT CONTRIBUTIONS
Last 10 Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Actuarially Determined Contribution (ADC) | \$ 951,174 | \$ 804,891 | \$ 804,891 | \$ 1,173,198 |
| Contributions in Relation to the ADC | 898,248 | 826,145 | 781,740 | 864,588 |
| Contribution Deficiency/(Excess) | <u>\$ 52,926</u> | <u>\$ (21,254)</u> | <u>\$ 23,151</u> | <u>\$ 308,610</u> |
| Covered-Employee Payroll | \$ 7,005,399 | \$ 7,068,619 | \$ 8,754,196 | \$ 8,585,860 |
| Contributions as a Percentage of Covered-Employee Payroll | 12.82% | 11.69% | 8.93% | 10.07% |

See accompanying notes to the required supplementary information.

**OREGON SCHOOL DISTRICT
DISTRICT SUPPLEMENTAL PENSION PLAN SCHEDULES
AS OF THE MEASUREMENT DATE
June 30, 2020**

SCHEDULE OF TOTAL PENSION LIABILITY AND RELATED RATIOS

Last 10 Years

| Year ended June 30, | District's Total Supplemental Pension Liability | District's Covered Payroll | Total Pension Liability as a Percent of Covered Payroll |
|---------------------|---|-------------------------------|--|
| 2016 | \$ 661,236 | \$ 12,969,725 | 5.10% |
| 2017 | 659,890 | 16,509,711 | 4.00% |
| 2018 | 706,471 | 16,509,711 | 4.28% |
| 2019 | 837,294 | 20,434,844 | 4.10% |

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

Last 10 Years

| Changes for the Year | 2019 | 2018 | 2017 | 2016 |
|--|------------|------------|------------|------------|
| Service Costs | \$ 93,034 | \$ 95,902 | \$ 91,733 | \$ 91,733 |
| Interest | 27,759 | 23,724 | 20,763 | 18,360 |
| Changes of Benefit Terms | - | - | - | - |
| Differences Between Expected and Actual Experiences | 26,493 | - | (50,590) | - |
| Changes of Assumptions or Other Inputs | 9,037 | (13,045) | (33,252) | - |
| Benefit Payments | (25,500) | (60,000) | (30,000) | (30,000) |
| Net Change in Total Pension Liability | 130,823 | 46,581 | (1,346) | 80,093 |
| Total Pension Liability - Beginning | 706,471 | 659,890 | 661,236 | 581,143 |
| Total Pension Liability - Ending | \$ 837,294 | \$ 706,471 | \$ 659,890 | \$ 661,236 |

See accompanying notes to the required supplementary information.

**OREGON SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
June 30, 2020**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE
Last 10 Fiscal Years***

| Year ended December 31, | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered- employee payroll | Proportionate share of the collective net pension liability (asset) as a percentage of the District's covered- employee payroll | Plan fiduciary net position as a percentage of the total pension liability (asset) |
|----------------------------|---|---|---------------------------------|--|--|
| 2019 | (0.17767363%) | \$ (5,729,008) | \$ 28,686,015 | (19.97%) | 102.96% |
| 2018 | 0.17575954% | 6,252,973 | 27,220,080 | 22.97% | 96.45% |
| 2017 | (0.17247178%) | (5,120,891) | 26,069,399 | (19.64%) | 102.93% |
| 2016 | 0.16938508% | 1,396,137 | 25,054,220 | 5.57% | 99.12% |
| 2015 | 0.16632642% | 2,702,772 | 23,867,166 | 11.32% | 98.20% |
| 2014 | (0.16512600%) | (4,054,831) | 23,112,504 | (17.54%) | 102.74% |

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 6 months prior to the financial reporting period.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED
Last 10 Fiscal Years****

| Year ended June 30, | Contractually required contributions | Contributions in relation to the contractually required contributions | Contribution deficiency (excess) | Covered-employee payroll | Contributions as a percentage of covered- employee payroll |
|------------------------|--|---|--|-----------------------------|---|
| 2020 | \$ 1,967,088 | \$ (1,967,088) | \$ - | \$ 29,468,025 | 6.68% |
| 2019 | 1,873,247 | (1,873,247) | - | 27,962,877 | 6.70% |
| 2018 | 1,801,020 | (1,801,020) | - | 26,391,517 | 6.82% |
| 2017 | 1,733,044 | (1,733,044) | - | 25,853,937 | 6.70% |
| 2016 | 1,624,681 | (1,624,681) | - | 24,266,614 | 6.70% |
| 2015 | 1,628,352 | (1,628,352) | - | 23,372,824 | 6.97% |

**The contribution and other amounts presented above for each fiscal year are based on information that occurred during that fiscal year.

See accompanying notes to the required supplementary information.

OREGON SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

1. Budgetary Information

The District's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the department level.

Budget amounts include appropriations authorized in the original budget, any Board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the General Fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Excess of Actual Expenditures over Budget

The District's General Fund and Special Education Fund had no functions that had an excess of actual expenditures over budget of \$5,000 or more for the year ended June 30, 2020.

2. District Net OPEB Liability Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

Actuarial assumptions. Key methods and assumptions used to calculate actuarially determined contributions (ADC) were as follows:

| | |
|------------------------|------------------|
| Valuation Date | 6/30/2019 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market Value |
| Amortization Method | 12 year Level \$ |
| Discount Rate | 3.50% |
| Inflation | 2.50% |

Changes of benefit terms. There were no changes of benefit terms during the year.

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.75 percent in 2018 to 3.50 percent in 2019. Please refer to the Actuarial Assumptions section above for additional details

OREGON SCHOOL DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2020

3. District Supplemental Pension Plan Schedules

Governmental Accounting Standards Board Statement No. 73 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 6 preceding years.

Changes of benefit terms. There were no changes to benefit terms during the year.

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.75 percent in 2018 to 3.50 percent in 2019.

Assets. There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

4. Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 4 preceding years.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. No significant changes in assumptions were noted from the prior year.

OTHER SUPPLEMENTAL INFORMATION

**Oregon School District
Oregon, Wisconsin**

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020**

| | <u>Community Service</u> | <u>Special Revenue</u> | <u>Food Service</u> | <u>Package Cooperative</u> | <u>Total Non-Major Governmental Funds</u> |
|-------------------------------------|------------------------------|------------------------|---------------------|--------------------------------|---|
| ASSETS | | | | | |
| Cash and Investments | \$ 33,940 | \$ 833,797 | \$ 26,171 | \$ - | \$ 893,908 |
| Receivables: | | | | | |
| Accounts | - | - | 11,397 | - | 11,397 |
| Due from Other Governments | - | - | 25,262 | 167,936 | 193,198 |
| Inventories | - | - | 48,529 | - | 48,529 |
| Total Assets | <u>\$ 33,940</u> | <u>\$ 833,797</u> | <u>\$ 111,359</u> | <u>\$ 167,936</u> | <u>\$ 1,147,032</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 1,099 | \$ 44,012 | \$ 7,681 | \$ 10,265 | \$ 63,057 |
| Accrued Wages Payable | 3,338 | - | 4,109 | 6,442 | 13,889 |
| Food Service Deposits | - | - | 99,394 | - | 99,394 |
| Other Liabilities | 462 | - | - | 8,834 | 9,296 |
| Due to Other Funds | - | - | - | 107,882 | 107,882 |
| Due to Other Governments | - | - | 175 | 34,513 | 34,688 |
| Total Liabilities | <u>4,899</u> | <u>44,012</u> | <u>111,359</u> | <u>167,936</u> | <u>328,206</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | 7,000 | 48,529 | - | 55,529 |
| Restricted | 29,041 | 782,785 | - | - | 811,826 |
| Unassigned (Deficit) | - | - | (48,529) | - | (48,529) |
| Total Fund Balances | <u>29,041</u> | <u>789,785</u> | <u>-</u> | <u>-</u> | <u>818,826</u> |
| Total Liabilities and Fund Balances | <u>\$ 33,940</u> | <u>\$ 833,797</u> | <u>\$ 111,359</u> | <u>\$ 167,936</u> | <u>\$ 1,147,032</u> |

**Oregon School District
Oregon, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020**

| | Community Service | Special Revenue | Food Service | Package Cooperative | Total Non-Major Governmental Funds |
|--|----------------------|-------------------|------------------|------------------------|--|
| REVENUES | | | | | |
| Local | \$ 728,412 | \$ 508,011 | \$ 834,344 | \$ - | \$ 2,070,767 |
| Interdistrict | - | - | - | 89,637 | 89,637 |
| State | - | - | 17,186 | 22,175 | 39,361 |
| Federal | - | - | 424,955 | 145,761 | 570,716 |
| Total Revenues | <u>728,412</u> | <u>508,011</u> | <u>1,276,485</u> | <u>257,573</u> | <u>2,770,481</u> |
| EXPENDITURES | | | | | |
| Current Expenditures | | | | | |
| Instruction: | | | | | |
| Regular Instruction | - | 60,470 | - | - | 60,470 |
| Vocational Instruction | - | - | - | 80,863 | 80,863 |
| Other Instruction | - | 336,868 | - | 55,652 | 392,520 |
| Total Instruction | <u>-</u> | <u>397,338</u> | <u>-</u> | <u>136,515</u> | <u>533,853</u> |
| Support Service: | | | | | |
| Pupil Services | - | 31,014 | - | - | 31,014 |
| Instructional Staff Services | - | 9,759 | - | 55,551 | 65,310 |
| Administration Services | 111,185 | 1,615 | - | - | 112,800 |
| Operation and Maintenance | 30,347 | 4,357 | - | - | 34,704 |
| Pupil Transportation | 4,519 | 22,497 | - | 1,329 | 28,345 |
| Other Support Services | 2,788 | 4,625 | 64,907 | 2,657 | 74,977 |
| Community Services | 550,936 | - | - | - | 550,936 |
| Food Service | - | - | 1,480,311 | - | 1,480,311 |
| Total Support Services | <u>699,775</u> | <u>73,867</u> | <u>1,545,218</u> | <u>59,537</u> | <u>2,378,397</u> |
| Non-Program Services | - | 37,850 | - | 33,985 | 71,835 |
| Total Current Expenditures | <u>699,775</u> | <u>509,055</u> | <u>1,545,218</u> | <u>230,037</u> | <u>2,984,085</u> |
| Capital Outlay | - | 13,618 | - | 27,536 | 41,154 |
| Total Expenditures | <u>699,775</u> | <u>522,673</u> | <u>1,545,218</u> | <u>257,573</u> | <u>3,025,239</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>28,637</u> | <u>(14,662)</u> | <u>(268,733)</u> | <u>-</u> | <u>(254,758)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | 7,663 | - | 7,663 |
| Total Other Financing Sources and Uses | <u>-</u> | <u>-</u> | <u>7,663</u> | <u>-</u> | <u>7,663</u> |
| Net Change in Fund Balances | <u>28,637</u> | <u>(14,662)</u> | <u>(261,070)</u> | <u>-</u> | <u>(247,095)</u> |
| Fund Balances - Beginning, as previously reported | 404 | 634,541 | 261,070 | - | 896,015 |
| Prior period adjustment - implementation of GASB Statement No. 84 | - | 169,906 | - | - | 169,906 |
| Fund Balances - Beginning, as restated | <u>404</u> | <u>804,447</u> | <u>261,070</u> | <u>-</u> | <u>1,065,921</u> |
| Fund Balances - Ending | <u>\$ 29,041</u> | <u>\$ 789,785</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 818,826</u> |