



**HOOD RIVER COUNTY**  
SCHOOL DISTRICT  
*Excellence. Every student. Every day.*

**Financial Report as of November 30, 2018**

The financial report, Summary of Revenue and Expenditures as of November 30, 2018, is organized by fund and function with budget variances for the current fiscal year to date and includes actuals for three prior years. For prior years 2015-16 and 2016-17, the data represents final audited financial data. For 2017-18, the data represents unaudited data. For 2018-19, the report includes the adopted budget and the current budget as amended. Encumbrances and year-to-date actuals follow in the next two columns with variances and percent of budget.

**General Fund.** The Summary of Revenue and Expenditures as of November 30, 2018, provides year-to-date financial data as follows.

The first report view on pages 1-2:

- summarizes General Fund operating revenues and groups revenue into State School Fund Formula Resources, Local Option Revenues, Education Service District Revenues and other local, state and federal revenues;
- summarizes expenditures or operating requirements by function category;
- includes a section of other financing sources and uses; and
- shows a net change in fund balance, beginning and ending fund balance.

The next report view on page 3 provides expenditures summarized by object classification.

**General Fund Summary**

**Total Operating Revenue.** For 18-19, total operating revenue is \$27,256,182 as of November 30, and represents 58% of the budget total of \$46,693,111, as shown on page 1.

**State School Fund Revenues.** Of the total, \$24,580,993 is from State School Fund formula revenue budget of \$40,697,955. In November, the District received the first 18-19 property taxes from the permanent levy and local option levy representing 90% of the property tax budget. Common School Fund revenue and Federal Forest Fees are expected later in the year.

**Other Operating Revenues.** Local option levy property taxes receipts are 93% of the amount budgeted for the current year and provides estimated resources of \$2,399,013 to support school

programs. The Local Option Equalization grant is budgeted based on actuals for the prior year and has not been awarded yet. Revenue from the CGESD local service plan including local service plan revenue and invoiced services reimbursements are expected in December. Other federal revenue is from the teen parenting contract based on actual services performed and with \$4,392 received to date. Other local revenue of \$431,497 is from various sources including \$140,380 of interest earnings, \$81,989 of E-rate recovery, \$37,502 of transportation fees, \$33,081 from grant indirect rate charges, \$27,900 of tuition and other revenues.

**Total General Fund Operating Requirements.** The total operating requirements budget shown on page 2 is \$49,698,902. Expenditures and encumbrances to date total \$41,771,244 representing 84% of the budget.

Instruction expenditures and encumbrances are 90% of the \$30,750,867 budget. Support Services expenditures and encumbrances are 76% of the \$18,283,963 budget. The first semi-annual Debt Service interest payments totaling \$18,915 were made for the year. The Contingency balance is \$401,242 of the \$466,242 adopted budget. The current expenditure variances to date total \$7,927,659 from these objects: \$1,853,142 of salaries, \$2,167,228 of associated payroll costs, \$2,028,524 of purchased services, \$1,215,530 of supplies, \$17,429 of capital outlay, \$244,563 of other goods and services and \$401,242 of unspent contingency. Analysis is ongoing to develop year-end projections for General Fund revenue and expenses.

Encumbrances and expenditures by year by object classification are shown on pages 3-5.

**General Fund Balance.** The District began the year with \$5,443,336 in beginning fund balance which was \$931,355 greater than the adopted budget. Through an approved supplemental budget, the budget has been adjusted to reflect the actual beginning fund balance. The ending fund balance budget of \$3,847,941 is 8.2% of operating revenue and is 0.2% higher than the Board's goal of 8%. The Board approved a supplemental budget on October 24 to allocate these funds for instructional programs this year, staffing and support services.

The supplemental budget includes additional spending in classroom instruction for 2.5 FTE licensed elementary teachers to support student enrollment. One new teacher was hired for Mid-Valley Elementary School. Two new teachers were hired for Westside Elementary (0.50 FTE licensed was set aside in the adopted budget for enrollment needs.) One additional classified instructional assistant is planned to meet special education staffing needs. To address district-wide custodial staffing challenges, a new roving position was proposed to backfill custodial position absences. Funding support of .50 FTE for the equity and family partnerships director position will extend the work to support the District's focus on equity. Other changes include support for Options Academy discretionary spending, long term care & treatment contract increase, Fab bus operational expenses, peer collaboration payroll expenses, intervention materials, dual language professional development travel, curriculum, school discretionary spending from prior year savings, professional services including work to occur on school boundary adjustments, payroll benefits, and tuition for bilingual

teacher development and support for one classified position to support community education programs.

### Other Funds

**Other Funds.** All other funds are shown beginning on pages 6 through 21 with activity through November 30, 2018. Grant Funds 220-299 and the Capital Construction Funds 400-404 are grouped and summarized for this report. The 2018-19 beginning fund balances reflect the prior year unaudited ending fund balances.

**Fund 200 Food Service** – Resources from local, state and federal sources of \$491,903 to date and beginning fund balance of \$484,105 support operations of nutrition services. Program expenses are \$571,789 to date with encumbrances of \$1,024,669 and is on track to operate within its budget limit of \$2,184,105. The current ending fund balance is \$404,219.

**Fund 204 Student Body Funds** – Actual student body fund beginning fund balances are shown as of July 1, 2018. Revenue and expenses through December will be reported on the December financial summary.

Student Body Funds	Beginning Bal.
Elementary Schools	\$140,143
Middle Schools	164,816
High School	356,326
Total	\$661,285

**Fund 205 Community Education** – The community education program activity reflects a beginning fund balance of \$171,534, year to date revenue of \$390,044, expenses of \$474,310, with a current ending fund balance of (\$3,936). The negative current fund balance is not a concern due to the timing of revenue and expenses of the program which vary throughout the year.

**Fund 207 Biennial Reserve Fund** – The School Board established this fund in 2015-16 to set aside funds for state school fund distribution in the second year of the biennium and to set aside funds for upcoming PERS rate increases, as approved by the Board. The 18-19 beginning fund balance is \$5,515,247. In 18-19, a transfer to the General Fund of \$1,500,000 was completed to provide operational funds per the adopted budget reducing the balance to \$4,015,247. Assuming the 2019 legislature funds schools at the current service levels, the 2019-20 drawdown will be similar plus roll-up costs just to maintain program level we have today.

**Fund 210 Unemployment Reserve** – The Unemployment Reserve Fund beginning fund balance of \$382,181 provides resources to pay for expenditure activity of the District’s Local Government Benefit Trust Fund and the quarterly unemployment premiums.

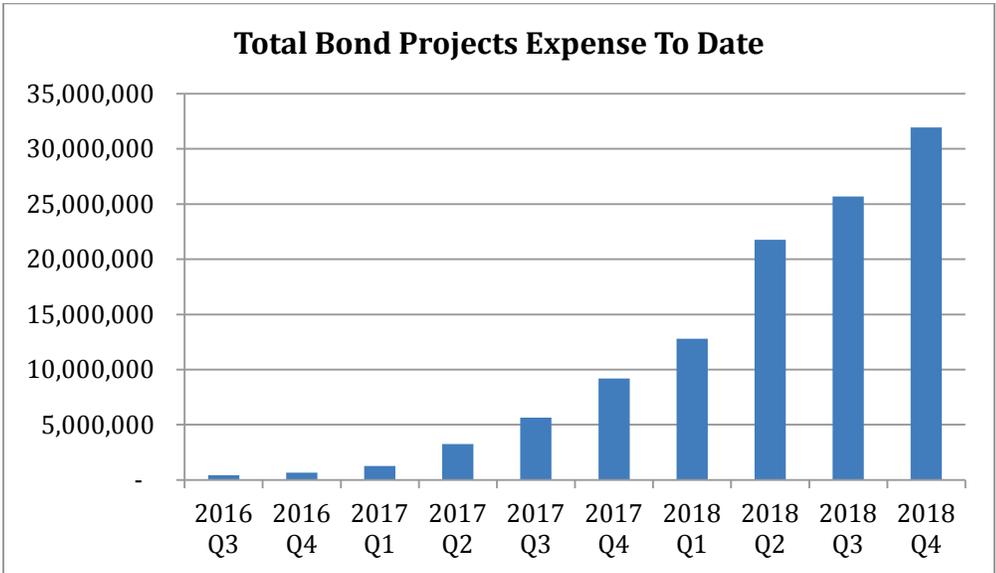
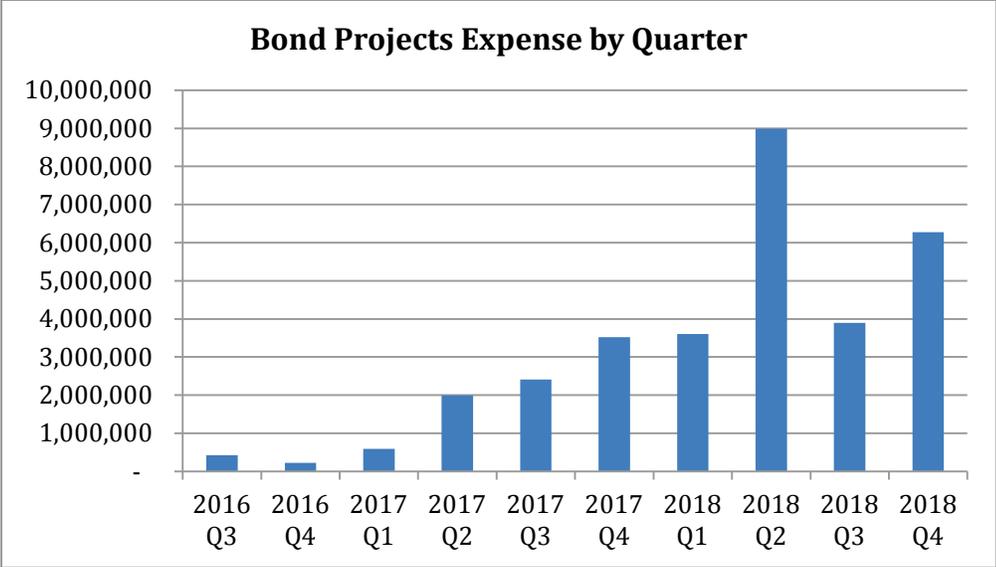
**Fund 212 Bus Replacement Fund** – The Bus Replacement Fund accounts for the budgeted transfer of \$120,000 for estimated bus depreciation, beginning fund balance of \$217,871 and expenditure budget of \$367,871 for school bus purchases.

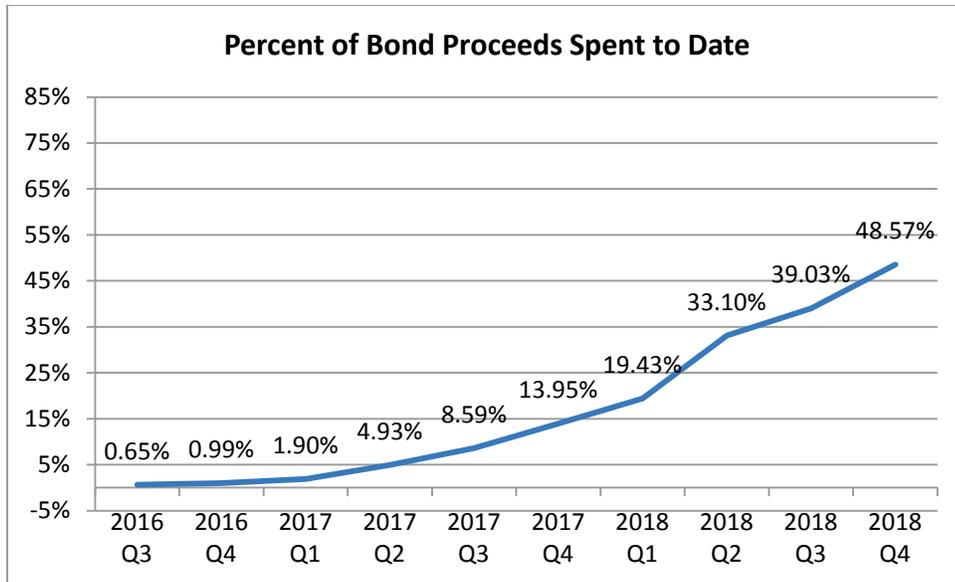
**Funds 220-299 Grant Funds** – Grant Funds revenue and expenditure activity is within budget appropriations limits with total year to date revenue of \$882,559 and expenditures of \$1,537,943. The ending fund balance of \$196,821 is restricted for various contract or grant purposes. The November 30, 2018 report of 2018-19 contracts lists Federal and State ODE grants by award. A second supplementary report shows all other contributions and grant accounts listing the title and administrator or person responsible for managing the funds.

**Fund 300 Debt Service** – The Debt Service Fund beginning fund balance for 18-19 is \$258,624. For 18-19, total year to date revenue of \$3,721,546 is from current and prior years' property tax revenue and represents 90% of the budget. Beginning fund balance and property tax revenue are both used to offset property tax levies. Budgeted expenditures of \$4,285,750 include the semi-annual interest payments of general obligation bonds and the annual principal payments due in June. The first debt service interest payments met the required semi-annual due date.

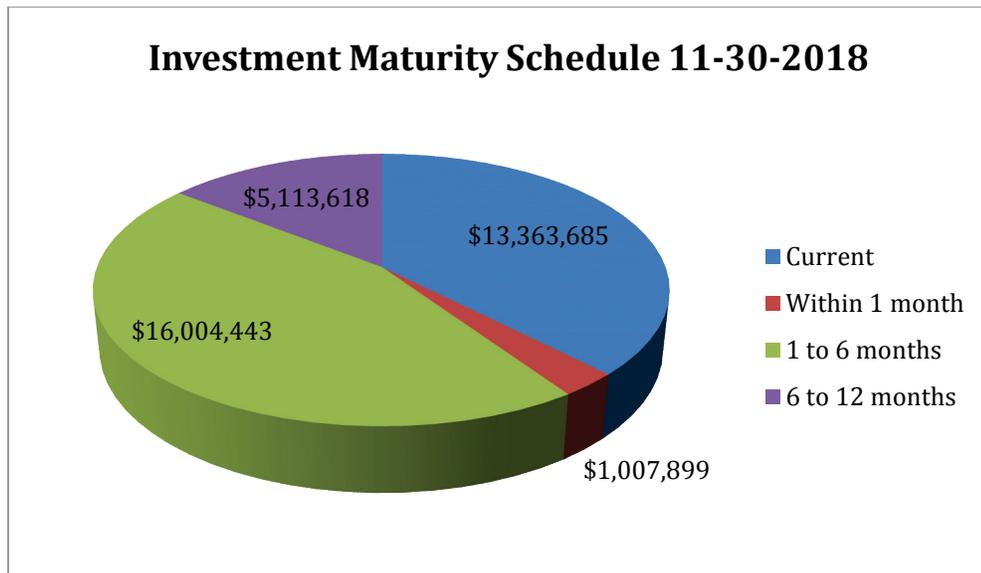
**Funds 4XX Capital Construction Funds** – The summary of all capital construction funds shows a beginning fund balance of \$47,814,311, total year to date revenue of \$702,038 and expenditures of \$10,261,857 with \$24,126,891 of encumbrances. The capital projects funds are reported on pages 15-21.

- Fund 400 Capital Construction Bond Fund resources include the balance of proceeds of the 2016 G.O. Bonds, investment earnings and other revenue. The District must spend 85% of the 2016 bond proceeds by the end of 36 months from the bond sale closing date of September 13, 2016. A total of \$3,244,594 was spent in 16-17. In 17-18, expenditures total \$18,526,803. In 18-19, expenditures to date total \$10,174,458. For the overall project to date through November 30, the District has spent \$31,947,673 equal to 48.57% of bond proceeds to support capital construction and improvements as shown in the following charts. The capital projects schedules support meeting the 85% spending requirement within 36 months by September 13, 2019.





As of November 30, 2018, the fair value of cash in the Oregon State Treasurer’s Local Government Investment Pool is \$13,363,685. The fair value of investments in U.S. Government and U.S. Agency securities is \$22,125,960, with varying yields and maturities dated through September 15, 2019 as shown on the attached investment report and the following chart.



- Fund 401 Construction Excise Tax Fund resources include receipts of \$120,832 and a beginning fund balance of \$1,733,210 for future development. Resources are dependent on

the amount of school construction excise tax received by the District and will vary depending on the level of construction activity within the county.

- Fund 402 Energy Projects Fund accounts for the District's SB 1149 resources to date with an account balance of \$38,423. The current balance of this fund are for reimbursements to the District for past energy projects with \$83,539 budgeted as transfers out of this fund to fund current capital improvements. Our project management team is working with the Oregon Department of Energy regarding future qualifying energy projects related to the bond program.
- Fund 403 Property Fund is budgeted to provide resources to cover the future construction costs of the District's requirement to provide the street extension to the District's undeveloped property estimated to be approximately half of the fund balance of \$735,568. The \$35,000 purchase of the county parcel for the Wy'east Middle School property line adjustment will be paid in December from this fund.
- Fund 404 Seismic Projects Fund is budgeted in 18-19 to account for the balance of state seismic projects grants awarded in the original amounts of \$1,335,500 for Wy'east Middle School and \$2,038,921 for Mid Valley Elementary School. The Hood River Middle School project was completed in 2017-18. A proposed supplemental budget will adjust the budget to the remaining balances of the ongoing projects.
- Fund 405 accounts for the Oregon Schools Capital Improvement Matching Program grant award of \$4,499,478. Project to date expenditures are \$4,113,234 equal to 91% of the grant award. This grant is designated by the District for capital improvements at Hood River Middle School with the remaining balance for other school capital projects after the HRMS project is completed.

**Summary of Inter-Fund Transfers** – A summary of inter-fund transfers is shown on page 22. Transfers for the year include the budgeted transfers from the Biennial Reserve Fund to the General Fund in the amount of \$1,500,000; to the Bus Replacement Fund in the amount of \$30,000; and to the Community Education Fund in the amount of \$59,604. A transfer within the Capital Projects Fund is budgeted from subfund 402 to subfund 400 in the amount of \$83,538.

### **December Audit Site Visit**

The District's external auditors from Pauly Rogers and Co, P.C. was in district December 6 for a site visit for final fieldwork before preparation of the District's financial statements. The CAFR will be completed by December 31, 2018 in compliance with State audit submission deadlines.

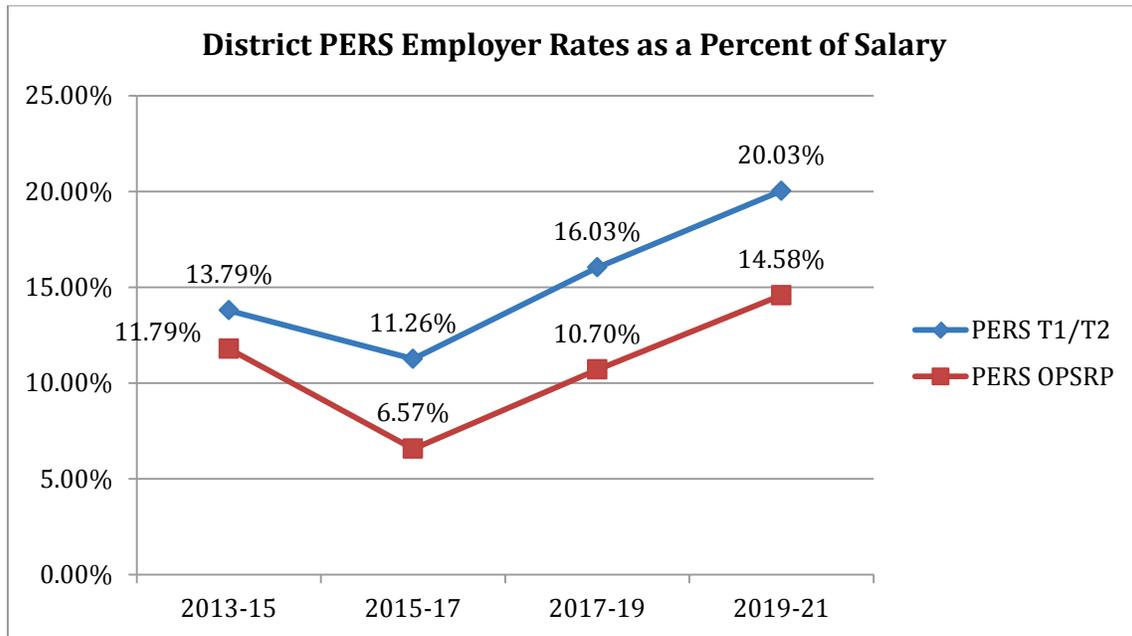
## PERS Rates

The 2019-21 Public Employee Retirement System (PERS) employer contribution rates adopted October 2018 by the PERS Board result in significant increases in the District’s employer contribution rates, as shown below, demonstrating the need for reserves to address future increases in the District’s payroll costs. Tier One covers members hired before January 1, 1996; Tier Two covers members hired between January 1, 1996 and August 28, 2003; and OPSRP covers members hired on or after August 29, 2003.

### Hood River County School District Current PERS and Future Net Employer Contribution Rates

Employee Membership Tier	2017-19 Current Rate	2019-21 Adopted Rate	Change to Contribution Rate	Percentage Increase
Tier 1/Tier 2	16.03%	20.03%	4.00%	25%
OPSRP	10.70%	14.58%	3.88%	36.3%

The following chart provides a historical look at the District’s PERS employer contribution rates and the adopted rates for the 2019-21 biennium. The drop in the 2015-17 biennium rates was the result of legislative action which was subsequently overturned by the courts. Savings from these artificially lowered rates provided resources which were transferred into the District’s Biennial Reserve Fund to help with the looming PERS rate increases.



The District's total PERS rate includes the employer contribution rate, pick-up and pension bond rate. The following chart provides historical and future 2019-21 rate data of the District's total PERS rate as a percent of salary by member tier.

