



# HOOD RIVER COUNTY SCHOOL DISTRICT

*Excellence. Every student. Every day.*

## Financial Report as of June 30, 2020 and September 30, 2020

The Summary of Revenue and Expenditures as of June 30, 2020 and September 30, 2020, is organized by fund and function with budget variances for the current fiscal year to date and includes audited actuals for the 2018-19 fiscal year. For 2019-20 and for 2020-21, the report includes the adopted and current budget as amended. Year-to-date actuals and encumbrances follow in the next columns with variances and percent of budget for the current and previous year. Projections for 2020-21 fiscal year-end variances to the current year budget are shown on the report primarily for General Fund.

**General Fund.** The Summary of Revenue and Expenditures as of June 30, 2020, provides fiscal year-to-date financial data as follows.

The first report view on page 1:

- 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 2 provides expenditures summarized by object classification.

### General Fund Summary

**Total Operating Revenue.** For 2019-20, total operating revenue through June is \$51,458,447 and represents 100% of the budget, as shown on page 1.

**State School Fund Revenues.** For 2019-20, total State School Fund formula revenue through June is \$44,331,593 and represents 100% of the budget. Current year taxes of \$11,540,861 represent 99% of the budget with the largest collections in the months of October and November. The first half of the Common school fund revenue has been received and the second revenue payment has been accrued for a total of \$366,955. Federal forest fees revenue receipts were \$104,546.

**Other Operating Revenues.** Local Option current year tax revenue through June is \$2,592,239 and represents 100% of the budget. The Local Option Equalization (LOE) grants total of \$1,106,228 was

received and included the 2019 LOE grant award of \$547,692 along with the 2020 LOE grant. Under the law, if a district passes a local option levy and it first is imposed in the same biennium in which voters passed it, the district still qualifies for the equalization grant for the year in which the levy is first imposed, but the grant is not paid by ODE to the district until the first year of the next biennium. For 19-20, local option revenues include budgeted estimates of local option tax receipts and the estimate of equalization grant total to be received. Local option revenues totaled \$3,761,958 representing 100% of the budget.

For 19-20, the Education Service District revenue was \$1,773,463 and reflects the CGESD current local service plan estimates through June and the 18-19 year reconciliation payment. The total CGESD revenue was 102% of the budget.

In 19-20, other local revenue received through June is \$988,804 and represents 98% of the budget. Of the variances, the most significant is interest income which is 82% of the budget due to lower interest rates.

Other state revenues are the \$570,800 from the long-term care and treatment grant and \$25,600 from the high cost disability grant. Other federal revenues are \$6,229 with a positive variance of \$2,981.

The total operating revenue unfavorable variance is \$84,644.

### **Total General Fund Operating Requirements.**

For 2019-20, the total operating requirements budget is \$52,356,002. As of June 30, expenditures equal \$50,352,893, representing 96 percent of the budget. The total operating requirements favorable variance is \$2,003,109.

As shown on page 1, 2019-20 Instruction expenditures are 98% of the \$32,247,258 budget. Support Services expenditures are 94% of the \$19,845,301 budget. The semi-annual Debt Service redemption of principal and interest payments from the general fund total \$263,443 for the year.

The year-end expenditure variances total \$2,385,557 from these objects: \$463,717 of salaries, \$467,308 of associated payroll costs, \$592,536 of purchased services, \$434,738 of supplies and materials, \$13,326 of capital outlay, \$31,484 of other goods and services and \$421,673 of transfers to the Nutrition Services Fund of \$21,673 and to the Community Education Fund of \$400,000. Contingency was reduced to zero in a supplemental budget at the end of the fiscal year. Expenditures by year by function are shown on pages 3 and 4. Expenditures by year by object classification are shown on pages 5 and 6.

School closures due to the COVID-19 pandemic and the subsequent change to comprehensive distance learning impacted the District's budget in a variety of ways. Some savings were realized in some areas of the budget. Transfers to the Nutrition Services Fund and to the Community Education Fund helped make up for lost revenue due to the closures.

**Other Financing Sources and Uses.** In 2019-20, the interfund transfer in from the Biennial Reserve Fund was budgeted as \$1,448,113 and was not needed. Compensatory loss and sale of equipment provided

\$6,955 of other financing sources. Interfund transfers out provided a favorable variance of \$382,448 from the smaller transfer required by the Nutrition Services Fund.

**General Fund Balance.** In 19-20, the District began the year with \$6,982,830 in beginning fund balance which was \$491,978 greater than the adopted budget of \$6,490,852, primarily from savings from 18-19 operating requirements less the reduction in interfund transfers to the General Fund. Through an approved supplemental budget, the budget was adjusted to reflect the actual beginning fund balance. The 2019-20 ending fund balance is \$7,673,664 and provides a favorable variance of \$852,800 as compared to the budgeted ending fund balance of \$6,820,864. Pending year-end audit adjustments to property taxes will adjust the ending fund balance.

For 2020-21, the beginning fund balance is \$1,079,762 more than the adopted budget. A supplemental budget proposed to the Board in October will appropriate \$524,609 leaving \$537,065 to be added to the amount reserved for future expenditure.

### Other Funds

**Other Funds.** All other funds are shown beginning on pages 7 through 21 with activity through June 30, 2020. Grant Funds 220-299 and the Capital Construction Funds 400-404 are grouped and summarized for this report. The 2019-20 beginning fund balances reflect the prior year audited ending fund balances.

**Fund 200 Food Service** – Resources from local, state and federal sources total \$1,688,406 through June 30, 2020. These revenues and beginning fund balance of \$492,575 support operations of nutrition services. Per Governor Brown’s executive orders, the District has been distributing breakfast and lunches for students at mobile pick-up sites throughout the District and at five schools since the state-wide school closures began on March 16. With this change in food service operations and the requirement to continue paying employees, it was anticipated that with a decline in meals served and revenue, this fund would require a transfer to balance by year end. The interfund transfer from the General Fund is \$21,673 to support the operation.

**Fund 204 Student Body Funds** – For 19-20, the beginning fund balance of \$591,562 and revenue of \$849,845 provided resources to support the purchase of \$930,931 in supplies and materials leaving an ending fund balance of \$510,476 to vary forward to 2020-21.

**Fund 205 Community Education** – The community education program activity reflects a beginning fund balance of \$52,434, local revenue of \$699,567, state revenue of \$18,720 for the driver’s education program, current expenses of \$1,103,234, with an ending fund balance of \$67,487 after the approved interfund transfer from the General Fund of \$400,000 was recorded to balance the fund and provide a balance forward to pay for some expenses and refunds going forward into the 2020-21 fiscal year when the program was placed on hold with the exception of the driver’s education program.

**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 19-20 beginning fund balance is \$4,765,247. In 19-20, the budgeted transfer to the General Fund was reversed, leaving an ending fund balance of \$4,765,247 equal to 9.3% of General Fund operating revenue.

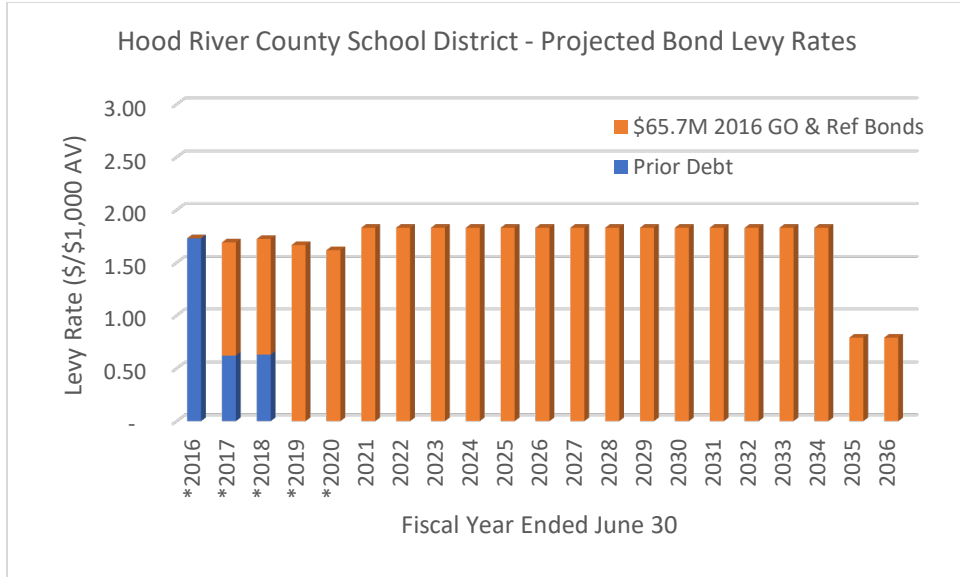
**Fund 210 Unemployment Reserve** – The Unemployment Reserve Fund beginning fund balance of \$387,248 provides resources to pay for expenditure activity of the District’s Local Government Benefit Trust Fund and the quarterly unemployment premiums. Quarterly premiums paid equal \$29,523. This fund is pending the final transaction to record the results of the Trust fund for the fiscal year. The statement is generally received from the State in mid-November for fiscal year ending June 30.

**Fund 212 Bus Replacement Fund** – The Bus Replacement Fund accounts for the state school fund revenue of \$182,058 for bus depreciation, beginning fund balance of \$45,570 and capital outlay expense budget of \$220,280 for school bus purchases. Two 78-passenger buses were purchased in the current year. The ending fund balance of \$7,349 will provide resources for future bus purchases.

**Funds 220-299 Grant Funds** – Grant Funds revenue and expense activity is within budget appropriations limits with total revenue of \$5,498,864 and expenditures of \$5,349,748. The 19-20 beginning fund balance of \$804,090 was from 18-19 restricted ending fund balances. The restricted ending fund balance of \$953,206 is carried forward to 2020-21.

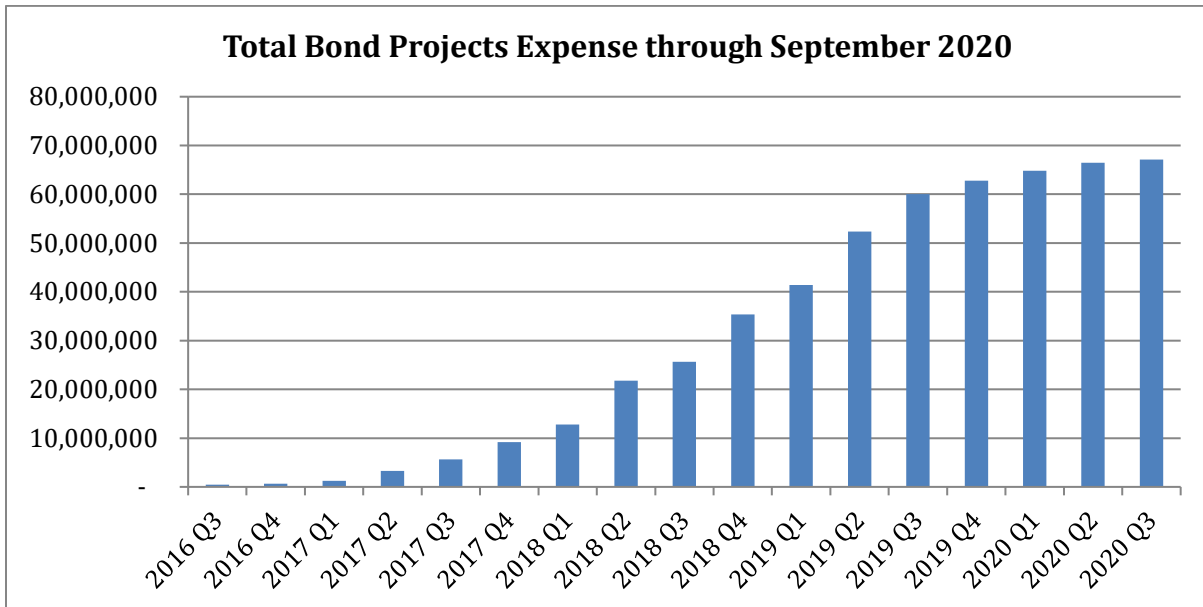
**Fund 300 Debt Service** – The Debt Service Fund beginning fund balance for 19-20 is \$372,351. For 19-20, revenue of \$4,613,652 is from current and prior years’ property tax revenue and interest; and represents 102% of the budget. Beginning fund balance and property tax revenue are both used to offset property tax levies. Actual expenditures of \$4,425,400 include the semi-annual interest payments of general obligation bonds and the annual principal payments due in June. Debt service principal and interest payments are required on semi-annual due dates in December 2019 and June 2020. The ending fund balance is \$560,603. Pending final audit adjustments to property taxes will adjust the 2019-20 ending fund balance.

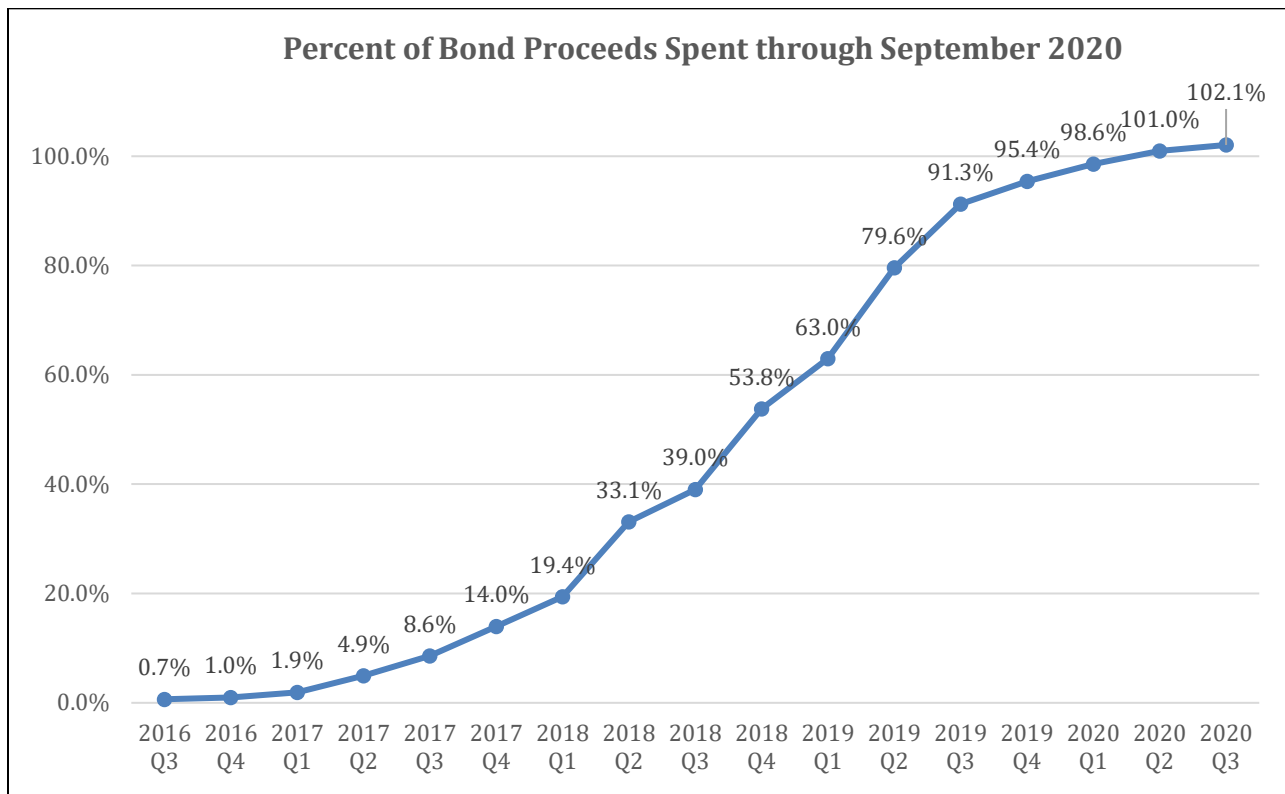
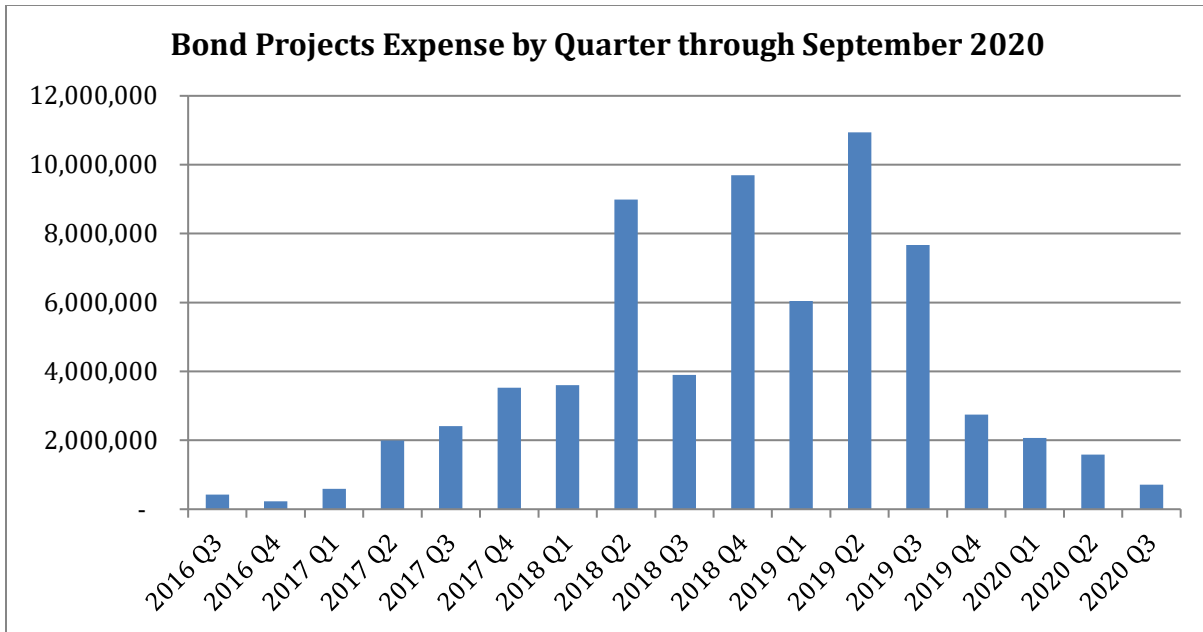
The General Obligation and Refunding Bonds, Series 2016, mature June 15, 2036. The following chart shows projected bond levy rates of the Series 2016 \$65.7 million bonds of \$1.83/\$1,000 AV for fiscal years 2021 through 2034 and \$0.79/\$1,000 AV for fiscal years 2035 and 2036. Actual levy rates are shown for fiscal years 2016 through 2020. Actual bond levy rates are calculated annually based on the County’s current delinquency rates, actual debt service requirements, and debt service fund balance, if any.



**Funds 4XX Capital Construction Funds** – The summary of all capital construction funds shows a beginning fund balance of \$18,796,364, resources of \$1,767,742 and expenses and transfers of \$15,471,604 and an ending fund balance of \$5,092,502 as of June 30, 2020. 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. For the overall project to date through September 30, 2020, the District spent \$67,135,693, to support capital construction and improvements. equal to 102% of bond proceeds and exceeded the 85% spending requirement by September 12, 2019, as shown in the following charts.





As of September 30, 2020, the fair value of capital projects fund cash in the Oregon State Treasurer's Local Government Investment Pool (LGIP) is \$1,666,584 with a current yield of 1.0%.

- **Fund 401 Construction Excise Tax Fund** 2019-20 resources include receipts of \$247,887 and a beginning fund balance of \$2,029,957 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. Expenditures of \$107,474 were for the HRMS new entry project which is in the planning and construction documents phase of the project.
- **Fund 402 Energy Projects Fund** accounts for the District's SB 1149 2019-20 resources of \$66,492. The balance of this fund is for reimbursements to the District for past energy projects with \$66,589 transferred out of this fund for 2019-20 capital improvements. Our project management team works with the Oregon Department of Energy regarding qualifying energy projects related to the bond program.
- **Fund 403 Property Fund** is budgeted to provide resources from the beginning fund balance of \$689,535, a portion of which is designated for an amendment to the original agreement which will provide the landowner payments in lieu of the District construction obligation. The first of three annual payments were made in April 2020. A total of \$264,534 will be available from this fund after the remaining two annual payments are made in 2020-21 and 2021-22.
- **Fund 404 Seismic Projects Fund** accounts for the balance of the state seismic projects grant award for Mid Valley Elementary School (MVES). The 2019-20 project expenditures for Mid Valley Elementary School total \$780,488 for architectural and engineering services, preconstruction and construction costs. The MVES project is scheduled for completion in late summer of 2020. (The Wy'east Middle School project was completed the fall of 2018 for a total of \$1,120,139. The Hood River Middle School project was completed in 2017-18 for a total of \$811,525.)
- **Fund 405 Oregon Schools Capital Improvement Matching Program** grant accounts for the grant award of \$4,499,478. This grant was designated by the District for capital improvements at Hood River Middle School. As of January 2019, the District expended 100% of the grant award.

**Summary of Inter-Fund Transfers** – A summary of inter-fund transfers is shown on page 22. Transfers for 2019-20 were completed as follows. A transfer within the Capital Projects Fund from sub fund 402 to sub fund 400 in the amount of \$75,000 is budgeted in 19-20 with \$66,589 completed. Transfers within the sub funds of the Grants Fund were made in the amount of \$45,145. A transfer from the General Fund to the Community Education Fund was completed in the amount of \$400,000. The transfer from the General Fund to the Nutrition Services Fund was completed in the amount of \$21,673.

## PERS Rates

The 2021-23 Public Employee Retirement System (PERS) employer contribution rates adopted October 2020 by the PERS Board will provide the first rate declines since the 2015-17 biennium.

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 2019-21 Net Employer Contribution Rates compared to 2017-19 Adopted Rates

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

### Hood River County School District Current Net Employer Contribution Rates compared to 2021-23 Adopted Rates

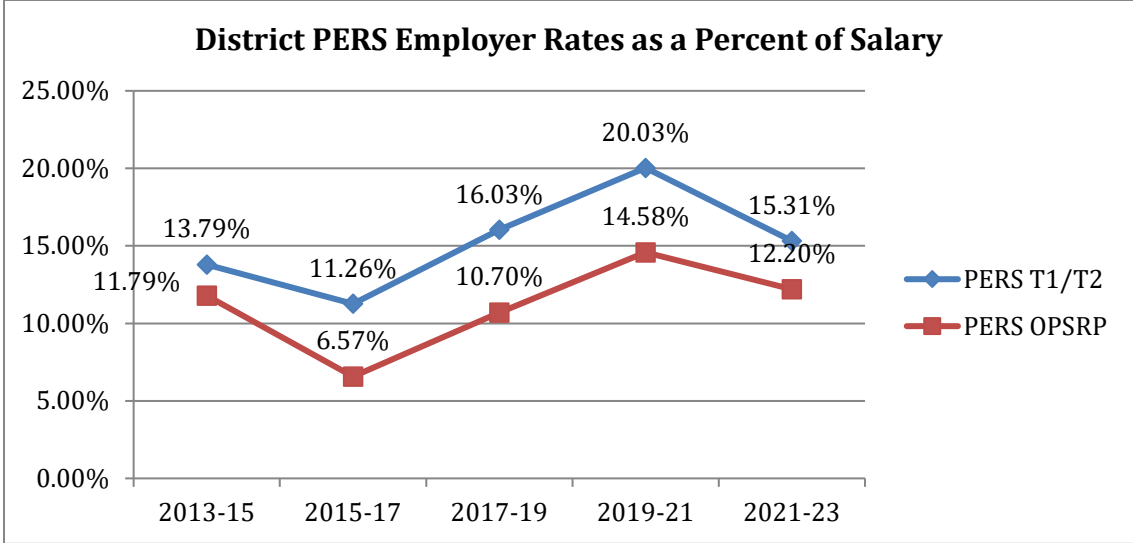
| Employee Membership Tier | 2019-21 Adopted Rate | 2021-23 Advisory Rate | Change to Contribution Rate | Percentage Change |
|--------------------------|----------------------|-----------------------|-----------------------------|-------------------|
| Tier 1/Tier 2            | 20.03%               | 15.31%                | (4.72%)                     | (23.6%)           |
| OPSRP                    | 14.58%               | 12.20%                | (2.38%)                     | (16.3%)           |

The following graph provides a historical look at the District's PERS employer contribution rates, the adopted rates for the 2019-21 biennium and 2021-23 adopted contribution rates. Employer contribution rates effective July 1, 2021 through June 30, 2023 were determined from the December 31, 2019 actuarial valuation.

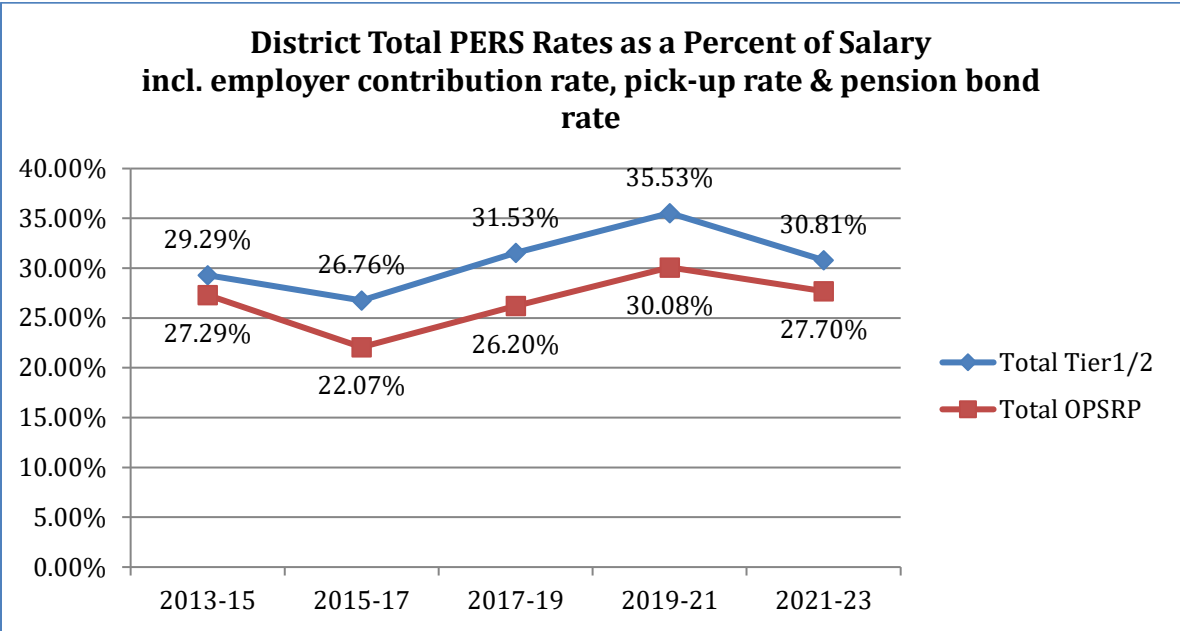
The adopted contribution rates reflect the benefit provisions in effect as of December 31, 2018, as modified by Senate Bill 1049 which was enacted in June 2019. The adopted contribution rates also reflect the Tier 1/Tier 2 re-amortization provisions of SB 1049 from 20 years to 22 years. Other changes related to the work after retirement provisions are not explicitly reflected in the advisory contribution rates but are expected to serve as an offset to employer contributions. The member redirect offset is (2.45%) for Tier 1/Tier 2 and is (0.70%) for OPSRP rates. More information about Senate Bill 1049 (2019) is available online at <https://www.oregon.gov/pers/EMP/Pages/SB1049.aspx>.

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, 6% pick-up of employee contribution rate and pension bond rate. The following chart provides historical, current and 2021-23 adopted contribution rate data of the District’s total PERS rate as a percent of salary by member tier.



## **School District Awarded for Outstanding Financial Reporting**

The District received its third Certificate of Excellence in Financial Reporting (COE) awarded by the Association of School Business Officials for the District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended 2019. The official press release from ASBO International is attached to this report and is available online on the [Business Services Announcements](#) webpage.

The District received its second Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The official press release from GFOA is attached to this report and is available online on the [District's home page](#).

### **2019-20 Financial Audit Status**

The financial audit was performed remotely beginning the week of April 20 with final audit fieldwork performed the week of October 12, 2020. The exit meeting is scheduled on October 20.



**FOR IMMEDIATE RELEASE**

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**School District Awarded for Outstanding Financial Reporting**

Ashburn, VA – 2020 – The Association of School Business Officials International (ASBO) is pleased to award Hood River County School District the Certificate of Excellence in Financial Reporting (COE). ASBO International's COE recognizes districts that have met the program's high standards for financial reporting and transparency. The school district earned the Certificate of Excellence for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended 2019.

"The COE's mission is to promote and recognize excellence in financial reporting, specifically through a district's CAFR," ASBO International Executive Director David Lewis says. "The CAFR informs stakeholders about the financial and economic state of the district, making it an important communications tool for building trust and engaging with the school community."

By participating in the COE program, school districts demonstrate their commitment to financial transparency. Applicants submit their CAFR for review by a team of financial professionals, who provide feedback to improve future documents. If the CAFR meets the requirements of the program, the document may receive the Certificate of Excellence. A district's participation in the COE program can facilitate bond rating and continuing bond disclosure processes.

The COE is proudly sponsored by ASBO International Strategic Partner American Fidelity.

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**About ASBO International**

Founded in 1910, the Association of School Business Officials International (ASBO) is a nonprofit organization that, through its members and affiliates, represents approximately 30,000 school business professionals worldwide. ASBO International is committed to providing programs, services, and a global network that promote the highest standards in school business. Its members support student achievement through effective resource management in various areas ranging from finance and operations to food services and transportation. Learn more at [asbointl.org](http://asbointl.org).

**About American Fidelity**

American Fidelity provides employer cost-savings solutions and supplemental insurance benefits to specific industries. Acting as an extension of the HR department, we educate, enroll, and support the development of robust, competitive insurance packages—all while ensuring seamless administration and employee satisfaction. As experts in employer benefit solutions, our salaried account managers deliver year-round support, help employers overcome benefit administrative challenges, and always offer a different perspective – a different opinion.



GOVERNMENT FINANCE OFFICERS ASSOCIATION  
**NEWS RELEASE**

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10/2/2020

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(Chicago, Illinois)—Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to **Hood River County School District** for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. The CAFR has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

*Government Finance Officers Association (GFOA) advances excellence in government finance by providing best practices, professional development, resources, and practical research for more than 21,000 members and the communities they serve.*