

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2020



**Accuity**  
*Where accuracy meets integrity*

**CERTIFIED PUBLIC ACCOUNTANTS**

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**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

**BOARD OF DIRECTORS**

June 30, 2020

**BOARD MEMBERS**

Ross Ryno, Chairperson  
PO Box 247  
Mitchell, OR 97750

Meisha Bennett, Vice Chairperson  
PO Box 247  
Mitchell, OR 97750

Maxine Davis  
PO Box 247  
Mitchell, OR 97750

Adam Temple  
PO Box 247  
Mitchell, OR 97750

Peggy Lindquist  
PO Box 247  
Mitchell, OR 97750

**ADMINISTRATION**

Vince Swagerty  
Superintendent/Principal

Kim Domenighini  
Business Manager

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

TABLE OF CONTENTS

June 30, 2020

Page  
Number

**INTRODUCTORY SECTION**

- Title Page
- District Officials
- Table of Contents

**FINANCIAL SECTION**

Independent Auditor's Report .....	1-4
Management's Discussion and Analysis .....	5-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Notes to Basic Financial Statements.....	17-46
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability .....	47
Schedule of District Contributions.....	47
Schedule of the District's Proportionate Share of the Net OPEB RHIA Asset.....	48
Schedule of District Contributions.....	48
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	49
Other Supplementary Information - Combining and Individual Fund Statements and Schedules	
Combining Balance sheet - Nonmajor Governmental Funds .....	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	51

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual -

Title IA Fund.....	52
Measure 98-CTE Fund.....	53
Food Service Fund .....	54
ESSA D&SI Fund.....	55
Student Body Fund.....	56
Title Funds .....	57
IDEA Fund.....	58
OrRTI Fund.....	59
Capital Project Fund .....	60

**OTHER FINANCIAL SCHEDULES**

Revenue Summary - All Funds .....	61
Expenditure Summary -	
General Fund.....	62
Special Revenue Funds.....	63
Schedule of Expenditures of Federal Awards.....	64

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

Independent Auditor's Report Required by Oregon State Regulations .....	65-66
Supplemental Information Required by Oregon Department of Education.....	67
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	68-69
Schedule of Findings and Responses .....	70

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
PO Box 247  
Mitchell, OR 97750

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mitchell School District No. 55, Wheeler County, Oregon as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Insight Charter School, which is a discretely presented component unit. Insight Charter School represents 30%, 74% and -461%, respectively, of the assets, net position, and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Insight Charter School, is based solely on the report of the other auditors.

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

### **Basis for Modified Opinion**

Management has not obtained an actuarial valuation for the District's post-employment benefit obligations. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to post-employment benefits, attributable to employee services already rendered, be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect net position, liabilities, and expenses of the government-wide financial statements is not reasonable determinable.

### **Modified Opinion**

In our opinion, based on our audit and the report of other auditors, except for the effects of the matter described in the "Basis for Modified Opinion" paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mitchell School District No. 55, Wheeler County, Oregon as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability/OPEB asset and District contributions, and the budgetary comparison information on pages 5 through 10, and 47 through 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the schedules of the District's proportionate share of the net pension liability/OPEB asset and District contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected in 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mitchell School District No. 55's basic financial statements as a whole. The individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The aforementioned information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mitchell School District No. 55's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report December 7, 2020 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:   
\_\_\_\_\_

Glen O. Kearns, CPA

Albany, Oregon  
December 7, 2020

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Introduction**

As management of Mitchell School District No. 55, Wheeler County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. It should be read in conjunction with the District's financial statements, which follow this section.

**Financial Highlights**

- At June 30, 2020, total net position of Mitchell School District No. 55 amounted to \$1,246,540. Of this amount, \$1,148,899 was invested in capital assets. The remaining balance included \$46,136 restricted for special projects, and \$51,505 of unrestricted net position.
- At June 30, 2020, the District's governmental funds reported combined ending fund balances of \$918,122.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to Mitchell School District No. 55's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only Mitchell School District No. 55 itself (known as the primary government), but also one legally separate charter school for which Mitchell School District No. 55 is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. The financial statements for Insight Charter School are available at <https://secure.sos.state.or.us/muni/search.do>.

The government-wide financial statements can be found on pages 11 through 12 of this report.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives.

All the funds of Mitchell School District No. 55 are governmental funds.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

The District maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Capital Project Funds, both of which are considered to be major governmental funds.

Mitchell School District No. 55 adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17 through 46 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability and District contributions, as well as the budgetary comparison information for the General Fund.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This required supplementary information can be found on pages 47 through 49 of this report. The combining and individual fund schedules can be found immediately following the required supplementary information on pages 50 through 60 of this report.

**Government-Wide Overall Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2020, the District's assets exceeded liabilities by \$1,246,540. A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**District's Net Position**

The net position of the District increased by \$213,541 during the current fiscal year, primarily due to an increase in state school fund revenue. The condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	2020	2019
<b>Assets</b>		
Current assets	\$ 915,681	\$ 737,972
Restricted assets	46,139	47,298
Net capital and other assets	1,160,917	1,170,415
Total assets	2,122,737	1,955,685
<b>Deferred outflows of resources</b>	456,835	505,991
<b>Liabilities</b>		
Current liabilities	27,617	14,003
Noncurrent liabilities	931,895	1,222,373
Total liabilities	959,512	1,236,376
<b>Deferred inflows of resources</b>	373,520	192,301
<b>Net position</b>		
Net investment in capital assets	1,148,899	1,149,227
Restricted for special projects	46,136	48,423
Unrestricted	51,505	(164,651)
Total net position	\$ 1,246,540	\$ 1,032,999

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**District's Changes in Net Position**

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

**Changes in Net Position**

	<b>Governmental Activities</b>	
	2020	2019
<b>Program revenues</b>		
Regular programs	\$ 118,891	\$ 82,536
Special programs	79,925	101,816
Enterprise and community services	34,883	58,620
Total program revenues	<u>233,699</u>	<u>242,972</u>
<b>General revenues</b>		
Property taxes	169,313	157,957
State school fund – general support	6,399,719	5,008,081
Common school fund	2,144	10,425
Unrestricted state and local revenue	407,930	459,255
Investment earnings	9,630	12,163
Miscellaneous	63,999	8,060
Total general revenues	<u>7,052,735</u>	<u>5,655,941</u>
Total revenues	<u>7,286,434</u>	<u>5,898,913</u>
<b>Program expenses</b>		
Instruction		
Regular programs	800,909	749,547
Special programs	5,257,417	4,228,013
Support Services		
Student support services	59,931	17,927
Instructional staff support	23,232	22,902
General administrative support	191,270	181,033
Business support services	546,312	504,890
Central activities support	18,555	11,147
Enterprise and community services	83,991	86,189
Facilities acquisition and construction	-	56,459
Interest on long-term debt	352	924
Apportionment of funds	-	1,128
Unallocated depreciation expense	90,924	83,074
Total program expenses	<u>7,072,893</u>	<u>5,943,233</u>
<b>Change in net position</b>	213,541	(44,320)
<b>Net position - beginning of year</b>	<u>1,032,999</u>	<u>1,077,319</u>
<b>Net position - end of year</b>	<u>\$ 1,246,540</u>	<u>\$ 1,032,999</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Revenues**

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 97% of the funding required for governmental programs. Property taxes and state school funding combined for 93% of general revenues and 90% of total revenues.

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

- Regular programs \$ 38,400

Operating grants and contributions represent 2% of total revenues. Included in this category are \$79,975 of federal and state reimbursements for special education programs and \$115,324 for grants and contributions to support various educational activities.

**Expenses**

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 86% of the total expenses of \$7,072,893. In addition, approximately 13% of the costs in supporting services relate to students, instructional staff, and school administration.

**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$918,122.

Of this amount, \$468 was nonspendable for prepaid expenses, \$46,136 was restricted for various projects and grants, and \$160,727 was assigned to capital projects.

The remaining balance of \$710,791 constitutes unassigned fund balance, which is available for spending at the District's discretion. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$711,259, of which \$710,791 constitutes unassigned fund balance.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Budgetary Highlights**

Budget amounts shown in the financial statements reflect the original budget amounts and five approved appropriation changes.

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2020 amounted to \$1,148,899, net of accumulated depreciation. This investment in capital assets includes buildings and improvements, equipment, and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$90,924.

Additional information on the District's capital assets can be found in Note III-B on pages 29 and 30 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the District had total debt outstanding of \$0. The loan payable was fully liquidated during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-C on page 30.

**Key Economic Factors and Budget Information for the Future**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- Due to the Covid-19 health crisis, economic factors are more complex than ever before.
- Oregon's next economic forecast is expected to remain steady, however, forecasts were not available at the time of budget adoption.
- No major projects are planned due to the anticipated funding changes.

These factors were considered in preparing the District's budget for the 2020-2021 fiscal year.

The ending unassigned General Fund balance of \$710,791 will be available for program resources in the 2020-2021 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager at the following address: P.O. Box 247, Mitchell, Oregon 97750.

## **BASIC FINANCIAL STATEMENTS**

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Component Unit Insight Charter School
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 834,454	\$ 679,452
Accounts receivable	64,678	196,061
Property taxes receivable	16,081	-
Prepaid expenses	468	11,865
Total current assets	915,681	887,378
Restricted cash	46,139	-
Net OPEB asset	12,018	-
Capital assets not being depreciated: land	12,939	-
Capital assets being depreciated, net	1,135,960	10,804
Total assets	2,122,737	898,182
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	456,835	971,338
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	27,614	415,084
Accrued liabilities	3	483,098
Total current liabilities	27,617	898,182
Noncurrent liabilities		
Net pension liability	931,895	1,766,295
Total liabilities	959,512	2,664,477
<b>DEFERRED INFLOWS OF RESOURCES</b>	373,520	229,392
<b>NET POSITION</b>		
Net investment in capital assets	1,148,899	10,804
Restricted for special projects	46,136	-
Unrestricted	51,505	(1,035,153)
Total net position	\$ 1,246,540	\$ (1,024,349)

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit Insight Charter School</u>
<b>Primary Government</b>					
Governmental activities					
Instruction					
Regular programs	\$ 800,909	\$ 38,400	\$ 80,491	\$ (682,018)	\$ -
Special programs	5,257,417	-	79,925	(5,177,492)	-
Support services					
Student support	59,931	-	-	(59,931)	-
Instructional staff support	23,232	-	-	(23,232)	-
General administrative support	191,270	-	-	(191,270)	-
Business support services	546,312	-	-	(546,312)	-
Central activities support	18,555	-	-	(18,555)	-
Enterprise and community services	83,991	-	34,883	(49,108)	-
Facilities acquisition and construction	-	-	-	-	-
Interest on long-term debt	352	-	-	(352)	-
Unallocated depreciation expense	90,924	-	-	(90,924)	-
Total governmental activities	<u>\$ 7,072,893</u>	<u>\$ 38,400</u>	<u>\$ 195,299</u>	<u>\$ (6,839,194)</u>	<u>-</u>
<b>Component Unit - Insight Charter School</b>					
Governmental activities					
Instruction	\$ 3,730,927	\$ -	\$ 333,901	\$ -	\$ (3,397,026)
Support services	1,328,090	-	-	-	(1,328,090)
Total governmental activities	<u>\$ 5,059,017</u>	<u>\$ -</u>	<u>\$ 333,901</u>	<u>\$ -</u>	<u>(4,725,116)</u>
General revenues					
Property taxes				169,313	-
State school fund - general support				6,399,719	4,540,977
Common school fund				2,144	-
Unrestricted state and local revenue				407,930	-
Investment earnings				9,630	-
Miscellaneous				63,999	179
Total general revenues				<u>7,052,735</u>	<u>4,541,156</u>
Change in net position				213,541	(183,960)
Net position - beginning, as restated				<u>1,032,999</u>	<u>(840,389)</u>
Net position - ending				<u>\$ 1,246,540</u>	<u>\$ (1,024,349)</u>

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 673,727	\$ 160,727	\$ 46,139	\$ 880,593
Accounts receivable	6,296	-	58,382	64,678
Property taxes receivable	16,081	-	-	16,081
Due from other funds	58,382	-	-	58,382
Prepaid expenses	468	-	-	468
	<u>754,954</u>	<u>160,727</u>	<u>104,521</u>	<u>1,020,202</u>
Total assets	<u>\$ 754,954</u>	<u>\$ 160,727</u>	<u>\$ 104,521</u>	<u>\$ 1,020,202</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 27,614	\$ -	\$ -	\$ 27,614
Due to other funds	-	-	58,382	58,382
Accrued liabilities	-	-	3	3
	<u>27,614</u>	<u>-</u>	<u>58,385</u>	<u>85,999</u>
Total liabilities	<u>27,614</u>	<u>-</u>	<u>58,385</u>	<u>85,999</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	16,081	-	-	16,081
	<u>16,081</u>	<u>-</u>	<u>-</u>	<u>16,081</u>
<b>FUND BALANCES</b>				
Nonspendable	468	-	-	468
Restricted	-	-	46,136	46,136
Assigned	-	160,727	-	160,727
Unassigned	710,791	-	-	710,791
	<u>711,259</u>	<u>160,727</u>	<u>46,136</u>	<u>918,122</u>
Total fund balances	<u>711,259</u>	<u>160,727</u>	<u>46,136</u>	<u>918,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 754,954</u>	<u>\$ 160,727</u>	<u>\$ 104,521</u>	<u>\$ 1,020,202</u>

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

June 30, 2020

<b>Total fund balances</b>		\$ 918,122
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	2,469,498	
Accumulated depreciation	<u>(1,320,599)</u>	1,148,899
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		16,081
Amounts relating to the District's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) are not reported in the governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension/OPEB expense	456,835	
Deferred inflows of resources relating to return on pension/OPEB assets	(373,520)	
Net OPEB asset	12,018	
Net pension liability	<u>(931,895)</u>	<u>(836,562)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>1,246,540</u></b>

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local revenue	\$ 283,033	\$ -	\$ 17,750	\$ 300,783
Intermediate revenue	364,673	-	-	364,673
State revenue	6,401,863	-	20,057	6,421,920
Federal revenue	34,236	-	175,192	209,428
Total revenues	7,083,805	-	212,999	7,296,804
<b>EXPENDITURES</b>				
Current				
Instruction	5,988,296	-	110,559	6,098,855
Support services	781,856	-	78,159	860,015
Enterprise and community services	-	-	86,243	86,243
Debt service	14,644	-	-	14,644
Capital outlay	75,000	-	-	75,000
Total expenditures	6,859,796	-	274,961	7,134,757
Excess (deficiency) of revenues over (under) expenditures	224,009	-	(61,962)	162,047
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	31,000	59,675	90,675
Transfers out	(90,675)	-	-	(90,675)
Total other financing sources (uses)	(90,675)	31,000	59,675	-
Net change in fund balances	133,334	31,000	(2,287)	162,047
Fund balances - beginning	577,925	129,727	48,423	756,075
Fund balances - ending	\$ 711,259	\$ 160,727	\$ 46,136	\$ 918,122

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

For the Year Ended June 30, 2020

<b>Net change in fund balances</b>		\$	162,047
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported net of depreciation expense.</p>			
Expenditures for capital assets	77,213		
Disposal of capital assets	(909)		
Current year depreciation	<u>(90,924)</u>		(14,620)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.</p>			
			(10,370)
<p>Long-term debt proceeds are reported as other financing sources in the governmental fund financial statements. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>			
Debt principal paid			14,292
<p>Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.</p>			
OPEB credit	2,140		
Pension expense	<u>60,052</u>		<u>62,192</u>
<b>Change in net position</b>		<b>\$</b>	<b><u>213,541</u></b>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Mitchell School District No. 55 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental Activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported by the District.

**B. Reporting Entity**

Mitchell School District No. 55 functions as a local education agency consisting of one school that serves students in grades kindergarten through 12. The District is governed by a five-member board of directors.

Insight Charter School, including Destinations Career Academy and Cascade Charter School, is a charter school sponsored by the District and is reported as a discretely presented component unit. Their complete financial statements may be obtained from the District's administrative offices. The District is not financially responsible for the charter school, but the nature and significance of their financial relationship with the District is such that an exclusion would cause the District's financial statements to be misleading or incomplete. The component unit is presented in a separate column in the government-wide financial statements to emphasize that they are a legally separate organization from the District. Revenues reported by the component unit as state school fund monies equal the amount passed through the District.

**C. Basis of Presentation - Government-Wide Financial Statements**

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

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on the major governmental funds, each displayed in a separate column. Major governmental funds are reported as separate columns in the fund financial statements.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The government reports the following major governmental funds:

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

Capital Projects Fund

*Capital Project Fund* – The Capital Project Fund accounts for the revenues and expenditures associated with the purchase, construction, and major repair of capital assets. The primary sources of revenue are local revenues and transfers.

The District reports the following nonmajor governmental funds:

Special Revenue Funds

*Title IA Fund* – The Title IA Fund accounts for the Title IA grant monies. The primary source of revenue is federal revenues.

*Measure 98-CTE Fund* – The Measure 98-CTE Fund accounts for the Measure 98-CTE monies. The primary source of revenue is state grants.

*Food Service Fund* – The Food Service Fund accounts for the food service monies. The primary sources of revenue are federal grants and student meal charges.

*ESSA D&SI Fund* – The ESSA D&SI Fund accounts for the Every Student Succeeds Act monies. The primary source of revenue is federal grants.

*Student Body Fund* – The Student Body Fund accounts for the student body monies. The primary source of revenue is local revenues.

*Title Funds* – The Title Funds account for the various Federal Title grant monies. The primary source of revenue is federal revenues.

*IDEA Fund* – The IDEA Fund accounts for the IDEA grant monies. The primary source of revenue is federal revenues.

*OrRTI Fund* – The OrRTI Fund accounts for the communication and data revenue sources. The primary source of revenue is state revenues.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

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

**E. Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 15 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 15 days of year-end).

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 15 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The District did not implement the most current accounting guidance: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which are GAAP departures. If the District reported in accordance with the most recent GASB pronouncements, reported results may differ from those currently presented.

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

Annual budgets are adopted on the modified accrual basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, and capital projects funds. All funds are budgeted on the modified accrual basis of accounting. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year.

The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, food services, facilities acquisition and construction, and interfund transfers are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and five approved appropriation changes.

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

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

**3. Capital Assets**

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

The reported value of capital assets excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

Land and construction in progress are not depreciated.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The other property, plant, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5
Improvements	5-40
Transportation equipment	6-20
Buildings	15-75

**4. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arises only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**5. Net Position Flow Assumption**

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

**6. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**7. Fund Balance Policies**

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

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

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

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints reported for fund equity:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1<sup>st</sup>. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

**3. Pensions**

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

**I. Use of Estimates**

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

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

**A. Cash Deposits with Financial Institutions**

Mitchell School District No. 55 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The State's investment policies are governed by the Oregon Revised Statutes (ORC) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution.

Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

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

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

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

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

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

	<u>Level 2</u>
Investments:	
Oregon Local Government Investment Pool	<u>\$ 583,325</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The board may authorize the investment or reinvestment of funds that are not immediately needed for operations of the District.

Such investments will comply with state law and Oregon Administrative Rules.

Investments

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

	<u>Credit Quality</u> <u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 583,325</u>

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The PFCP is a shared liability structure for participating bank depositories.

Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at First Interstate Bank, formerly known as Bank of the Cascades, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2020, the District had deposits of \$250,000 insured by the FDIC and \$70,250 collateralized by the PFCP.

Deposits

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

Checking accounts	\$ 297,268
Total investments	<u>583,325</u>
Total deposits and investments	<u><u>\$ 880,593</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 673,727
Capital Projects Fund	<u>160,727</u>
Sub-total unrestricted cash	<u>834,454</u>
Governmental activities - restricted	
Nonmajor funds	<u>46,139</u>
Total cash and investments	<u><u>\$ 880,593</u></u>

Restricted cash noted above is for special programs and future expenditures of grant monies.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

**B. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 12,939	\$ -	\$ -	\$ 12,939
Capital assets being depreciated				
Improvements	277,938	-	(1,200)	276,738
Transportation equipment	344,797	-	(3,615)	341,182
Equipment	67,093	5,585	(12,776)	59,902
Buildings	<u>1,707,109</u>	<u>71,628</u>	<u>-</u>	<u>1,778,737</u>
Total capital assets being depreciated	<u>2,396,937</u>	<u>77,213</u>	<u>(17,591)</u>	<u>2,456,559</u>
Less accumulated depreciation for				
Improvements	(144,306)	(26,585)	1,172	(169,719)
Transportation equipment	(111,165)	(20,912)	3,615	(128,462)
Equipment	(45,880)	(4,870)	11,895	(38,855)
Buildings	<u>(945,006)</u>	<u>(38,557)</u>	<u>-</u>	<u>(983,563)</u>
Total accumulated depreciation	<u>(1,246,357)</u>	<u>(90,924)</u>	<u>15,510</u>	<u>(1,320,599)</u>
Total capital assets being depreciated, net	<u>1,150,580</u>	<u>(13,711)</u>	<u>(2,081)</u>	<u>1,135,960</u>
Governmental activities capital assets, net	<u>\$ 1,163,519</u>	<u>\$ (13,711)</u>	<u>\$ (2,081)</u>	<u>\$ 1,148,899</u>

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

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 12,939	\$ -	\$ 12,939
Improvements	276,738	(169,719)	107,019
Transportation equipment	341,182	(128,462)	212,720
Equipment	59,902	(38,855)	21,047
Buildings	<u>1,778,737</u>	<u>(983,563)</u>	<u>795,174</u>
Total governmental capital assets	<u>\$ 2,469,498</u>	<u>\$ (1,320,599)</u>	<u>\$ 1,148,899</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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

Governmental activities	
Unallocated depreciation expense	<u>\$ 90,924</u>

**C. Deferred Outflows/Inflows of Resources**

Deferred outflows/inflows of resources are summarized on the statement of net position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Net pension liability - PERS	\$ 456,643	\$ (370,346)	
OPEB asset - RHIA	192	(3,174)	
	<u>\$ 456,835</u>	<u>\$ (373,520)</u>	

**D. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
First Interstate Bank	4.52%	\$ 52,000	\$ 14,292	\$ -	\$ 14,292	\$ -	\$ -

**2. Interest Expense**

Interest expense is recorded on the statement of activities as follows:

Governmental activities	
Interest on long-term debt	<u>\$ 352</u>

**3. First Interstate Bank Loan**

On August 25, 2015, the District entered into a loan agreement with Bank of the Cascades, now known as First Interstate Bank, in the amount of \$52,000 to purchase a rental house, which served as collateral. The loan agreement required monthly payments of \$973, including 4.52% interest for 60 months. The obligation was fully liquidated during the year.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

**E. Interfund Transfers**

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Transfers in:		
	Capital Projects Fund	Nonmajor Funds	Total
Transfers out:			
General Fund	\$ 31,000	\$ 59,675	\$ 90,675

The primary purpose of the interfund transfers in was to provide funds for future capital outlay purchases and food services.

**F. Constraints on Fund Balances**

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

			Nonmajor governmental funds		
	General Fund	Capital Projects Fund	Student Body Fund	OrRTI Fund	Total Governmental Funds
Fund balances:					
Nonspendable	\$ 468	\$ -	\$ -	\$ -	\$ 468
Restricted for:					
Student body	-	-	45,827	-	45,827
Communication					
upgrades	-	-	-	309	309
Assigned to:					
Capital projects	-	160,727	-	-	160,727
Unassigned	710,791	-	-	-	710,791
Total fund balances	\$ 711,259	\$ 160,727	\$ 45,827	\$ 309	\$ 918,122

**III. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

Name of Pension Plan

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

Description of Benefit Terms

*Plan Benefits – PERS Pension (Chapter 238)*

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

*PERS Pension*

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

*Pension Benefits*

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

*Death Benefits*

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

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

*Disability Benefits*

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

*Benefit Changes after Retirement*

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

OPSRP Pension Program (OPSRP DB)

*Pension Benefits*

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

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

Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which the termination becomes effective.

*Death Benefits*

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

*Disability Benefits*

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

*Benefit Changes After Retirement*

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

Contributions

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

Employer contributions for the year ended June 30, 2020 were \$211,840

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>.

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

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study	2016, published July 26, 2017
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<b>Health retirees and beneficiaries:</b> RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

	<p><b>Active members:</b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

At June 30, 2020, the District reported a liability of \$931,895 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District's proportion was 0.005387420%. For the year ended June 30, 2020, the District recognized pension expense of \$153,413. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,391	\$ -
Changes of assumptions	126,422	\$ -
Net difference between projected and actual earnings on investments	-	(26,418)
Changes in proportionate share	-	(343,928)
Differences between employer contributions and employer's proportionate share of system contributions	<u>67,154</u>	-
Total (prior to post-MD contributions)	244,967	-
Contributions subsequent to the measurement date	211,676	-
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 456,643</u>	<u>\$ (370,346)</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

Year ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
2021	\$ 5,692
2022	(64,116)
2023	(32,320)
2024	(26,788)
2025	(7,848)

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 1,492,347	\$ 931,895	\$ 462,874

*Changes Subsequent to the Measurement Date*

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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

**C. Individual Account Program (IAP)**

*Plan Description*

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

*Pension Benefits*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits*

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

*Contributions*

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

*Actuarial Methods and Assumptions*

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

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

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

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

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

*General Information about the OPEB Plan*

Name of OPEB Plan

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

Description of Benefit Terms

*Plan Benefits - PERS RHIA (Chapter 238)*

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

*OPEB Membership*

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

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

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date.

Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

Contributions

Employer contributions for the year ended June 30, 2020 were \$164.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

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

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

Proportionate Share Allocation Methodology

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

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Actuarial Methods and Assumptions:

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

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 7.20. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined.

Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

Depletion Date Projection

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

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

At June 30, 2020, the District reported an asset of \$12,018 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 the District's proportion was 0.006219310%. For the year ended June 30, 2020, the District recognized OPEB credit of \$3,146.

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,585)
Changes of assumptions	-	\$ (12)
Net difference between projected and actual earnings on investments	-	(742)
Changes in proportionate share	28	(835)
Differences between employer contributions and employer's proportionate share of system contributions	-	-
Total (prior to post-MD contributions)	28	(3,174)
Contributions subsequent to the measurement date	164	-
Total Deferred Outflow/(Inflow) of Resources	\$ 192	\$ (3,174)

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

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2020. Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Year ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
2021	\$ (1,596)
2022	(1,452)
2023	(174)
2024	76
2025	-

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ (9,317)	\$ (12,018)	\$ (14,319)

*Changes Subsequent to the Measurement Date*

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

**E. Concentrations - Collective Bargaining Agreements**

At June 30, 2020, the District had approximately 17 employees who were accounted for under the governmental activities of the District. Of this total, 100% are covered under collective bargaining agreements. Of this number, 41% are certified staff represented by a union. The remaining are comprised of 47% classified staff and 12% confidential/admin staff covered by their collective bargaining agreements. The existing union and collective bargaining agreements were approved May 26, 2016.

**F. Related Parties**

**1. District Property Rental**

The District owns a rental property that is currently leased to the superintendent. There is not a signed contract in place, however, the rent due is \$500 monthly (\$6,000 annually).

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

**G. New Pronouncements**

The Governmental Accounting Standards Board (GASB) issued [Statement No. 95](#), *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The guidance postpones by one year the effective dates of certain provisions in the pronouncements as follows:

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

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

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

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

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

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

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

**H. Subsequent Events**

Management has evaluated subsequent events through December 7, 2020, which was the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

**OREGON PERS SYSTEM**

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

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.005387420%	0.008049150%	0.008529050%	0.009514410%	0.010945600%	0.118304000%
District's proportionate share of the net pension liability (asset)	\$ 931,895	\$ 1,219,340	\$ 1,149,719	\$ 1,428,334	\$ 628,437	\$ (268,161)
District's covered-employee payroll	\$ 402,836	\$ 586,294	\$ 570,023	\$ 556,715	\$ 540,816	\$ 571,784
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	231%	208%	202%	257%	116%	-47%
Plan fiduciary net position as a percentage of the total pension liability	80.20%	82.07%	83.12%	80.53%	91.88%	103.59%

**Schedule of District Contributions**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 211,840	\$ 159,770	\$ 119,140	\$ 102,209	\$ 107,428	\$ 74,886
Contributions in relation to the contractually required contribution	<u>(211,840)</u>	<u>(159,770)</u>	<u>(119,140)</u>	<u>(102,209)</u>	<u>(107,428)</u>	<u>(74,886)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	\$ 740,914	\$ 681,533	\$ 527,747	\$ 665,901	\$ 616,829	\$ 580,132
Contributions as a percentage of covered-employee payroll	29%	23%	23%	15%	17%	13%

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

**OREGON PERS SYSTEM**

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

	2020	2019
District's proportion of the Net OPEB RHIA (asset)/liability	0.006219310%	0.004756690%
District's proportionate share of the Net OPEB RHIA (asset)/liability	\$ (12,018)	\$ (5,310)
District's covered-employee payroll	\$ 402,836	\$ 586,294
District's proportionate share of the Net OPEB RHIA (asset)/liability as a percentage of its covered-employee payroll	-2.98%	-0.91%
Plan fiduciary net position as a percentage of the total OPEB RHIA (asset)/liability	144.40%	123.99%

**Schedule of District Contributions**

	2020	2019
Contractually required contribution	\$ 3,705	\$ 3,408
Contributions in relation to the contractually required contribution	(3,705)	(3,408)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 740,914	\$ 681,533
Contributions as a percentage of covered-employee payroll	0.5%	0.5%

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>				
Local revenue	\$ 229,400	\$ 229,400	\$ 53,633	\$ 283,033
Intermediate revenue	304,500	304,500	60,173	364,673
State revenue	6,162,335	6,847,735	(445,872)	6,401,863
Federal revenue	1,314	1,314	32,922	34,236
Total revenues	6,697,549	7,382,949	(299,144)	7,083,805
<b>EXPENDITURES</b>				
Current				
Instruction	5,593,095	6,278,495	(290,199)	5,988,296
Support services	884,093	881,093	(99,237)	781,856
Facilities acquisition and construction	75,000	75,000	-	75,000
Debt service	11,682	14,682	(38)	14,644
Contingency	50,000	50,000	(50,000)	-
Total expenditures	6,613,870	7,299,270	(439,474)	6,859,796
Excess (deficiency) of revenues over (under) expenditures	83,679	83,679	140,330	224,009
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(95,605)	(95,605)	(4,930)	(90,675)
Net change in fund balance	(11,926)	(11,926)	135,400	133,334
Fund balance - beginning	425,330	425,330	152,595	577,925
Fund balance - ending	\$ 413,404	\$ 413,404	\$ 287,995	\$ 711,259

**OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULE

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	ESSA D&SI Fund	Student Body Fund	OrRTI Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 45,827	\$ 312	\$ 46,139
Accounts receivable	58,382	-	-	58,382
Total assets	\$ 58,382	\$ 45,827	\$ 312	\$ 104,521
<b>LIABILITIES</b>				
Interfund payable	\$ 58,382	\$ -	\$ -	\$ 58,382
Accrued liabilities	-	-	3	3
Total liabilities	58,382	-	3	58,385
<b>FUND BALANCES</b>				
Restricted	-	45,827	309	46,136
Total liabilities and fund balances	\$ 58,382	\$ 45,827	\$ 312	\$ 104,521

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Title IA Fund	Measure 98-CTE Fund	Food Service Fund	ESSA D&SI Fund	Student Body Fund	Title IIA Fund	IDEA Fund	OrRTI Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>									
Local revenue	\$ -	\$ -	\$ 9,021	\$ -	\$ 8,729	\$ -	\$ -	\$ -	\$ 17,750
State revenue	-	20,057	-	-	-	-	-	-	20,057
Federal revenue	28,870	-	14,826	78,159	-	2,282	51,055	-	175,192
Total revenues	<u>28,870</u>	<u>20,057</u>	<u>23,847</u>	<u>78,159</u>	<u>8,729</u>	<u>2,282</u>	<u>51,055</u>	<u>-</u>	<u>212,999</u>
<b>EXPENDITURES</b>									
Current									
Instruction	28,870	20,057	-	-	8,295	2,282	51,055	-	110,559
Support services	-	-	-	78,159	-	-	-	-	78,159
Food services	-	-	86,243	-	-	-	-	-	86,243
Total expenditures	<u>28,870</u>	<u>20,057</u>	<u>86,243</u>	<u>78,159</u>	<u>8,295</u>	<u>2,282</u>	<u>51,055</u>	<u>-</u>	<u>274,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(62,396)</u>	<u>-</u>	<u>434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,962)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	59,675	-	-	-	-	-	59,675
Net change in fund balances	-	-	(2,721)	-	434	-	-	-	(2,287)
Fund balances - beginning	-	-	2,721	-	45,393	-	-	309	48,423
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309</u>	<u>\$ 46,136</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

TITLE IA FUND

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>				
Federal revenues	\$ 17,751	\$ 28,870	\$ -	\$ 28,870
<b>EXPENDITURES</b>				
Current				
Instruction	<u>17,751</u>	<u>28,870</u>	<u>-</u>	<u>28,870</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

MEASURE 98-CTE FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
State revenues	\$ 37,000	\$ (16,943)	\$ 20,057
<b>EXPENDITURES</b>			
Current			
Instruction	37,000	(16,943)	20,057
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	\$ -	\$ -	\$ -

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

FOOD SERVICE FUND

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>			
Local revenue	\$ 7,525	\$ 1,496	\$ 9,021
Federal revenue	<u>15,200</u>	<u>(374)</u>	<u>14,826</u>
Total revenues	<u>22,725</u>	<u>1,122</u>	<u>23,847</u>
<b>EXPENDITURES</b>			
Current			
Food service	<u>87,330</u>	<u>(1,087)</u>	<u>86,243</u>
Total expenditures	<u>87,330</u>	<u>(1,087)</u>	<u>86,243</u>
Excess (deficiency) of revenues over (under) expenditures	(64,605)	2,209	(62,396)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>64,605</u>	<u>(4,930)</u>	<u>59,675</u>
Net change in fund balance	-	(2,721)	(2,721)
Fund balance - beginning	<u>-</u>	<u>2,721</u>	<u>2,721</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

ESSA D&SI FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>			
Federal revenues	\$ 151,000	\$ (72,841)	\$ 78,159
<b>EXPENDITURES</b>			
Current			
Support services	151,000	(72,841)	78,159
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	-	-	-
Fund balance (deficit) - ending	\$ -	\$ -	\$ -

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

STUDENT BODY FUND

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>				
Local revenues	\$ 5,000	\$ 10,000	\$ (1,271)	\$ 8,729
<b>EXPENDITURES</b>				
Current				
Instruction	<u>4,000</u>	<u>9,000</u>	<u>(705)</u>	<u>8,295</u>
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	(566)	434
Fund balance - beginning	<u>40,000</u>	<u>40,000</u>	<u>5,393</u>	<u>45,393</u>
Fund balance - ending	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 4,827</u>	<u>\$ 45,827</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

TITLE IIA FUND

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>				
Federal revenues	\$ 14,500	\$ 3,381	\$ (1,099)	\$ 2,282
<b>EXPENDITURES</b>				
Current				
Instruction	14,500	3,381	(1,099)	2,282
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance (deficit) - ending	\$ -	\$ -	\$ -	\$ -

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

IDEA FUND

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>			
Federal revenues	\$ 66,273	\$ (15,218)	\$ 51,055
<b>EXPENDITURES</b>			
Current			
Instruction	<u>64,682</u>	<u>(13,627)</u>	<u>51,055</u>
Excess (deficiency) of revenues over (under) expenditures	1,591	(1,591)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Apportionment of funds	<u>(1,591)</u>	<u>1,591</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

OrRTI FUND

For the Year Ended June 30, 2020

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	-	309	309
Fund balance - ending	\$ -	\$ 309	\$ 309

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

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

CAPITAL PROJECT FUND

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual GAAP Basis</u>
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current			
Support services	<u>154,995</u>	<u>(154,995)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(154,995)	154,995	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Net change in fund balance	(123,995)	154,995	31,000
Fund balance - beginning	<u>123,995</u>	<u>5,732</u>	<u>129,727</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 160,727</u></u>	<u><u>\$ 160,727</u></u>

## **OTHER FINANCIAL SCHEDULES**

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

REVENUE SUMMARY - ALL FUNDS

For the Year Ended June 30, 2020

<b>Revenue from Local Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>
1110 Ad Valorem Taxes Levied by District	\$ 179,682.26	\$ -	\$ -
1190 Penalties and Interest on Taxes	4,271.21	-	-
1500 Earnings on Investments	9,630.28	-	-
1600 Food Service	-	7,521.00	-
1700 Extracurricular Activities	-	8,729.18	-
1910 Rentals	6,000.00	-	-
1920 Contributions and Donations from Private Sources	50.00	-	-
1990 Miscellaneous	83,399.54	1,500.00	-
<b>Total Revenue from Local Sources</b>	<b>\$ 283,033.29</b>	<b>\$ 17,750.18</b>	<b>\$ -</b>
<b>Revenue from Intermediate Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>
2101 County School Funds	\$ 4,803.99	\$ -	\$ -
2103 Excess ESD Local Revenue	359,869.20	-	-
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 364,673.19</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenue from State Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>
3101 State School Fund - General Support	\$ 6,399,465.51	\$ -	\$ -
3102 State School Fund - School Lunch Match	253.38	-	-
3103 Common School Fund	2,144.15	-	-
3299 Other Restricted Grants-in-aid	-	20,058.00	-
<b>Total Revenue from State Sources</b>	<b>\$ 6,401,863.04</b>	<b>\$ 20,058.00</b>	<b>\$ -</b>
<b>Revenue from Federal Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>
4500 Restricted Revenue From the Federal Government Through the State	\$ -	\$ 124,137.54	\$ -
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	-	51,055.00	-
4801 Federal Forest Fees	34,236.46	-	-
<b>Total Revenue from Federal Sources</b>	<b>\$ 34,236.46</b>	<b>\$ 175,192.54</b>	<b>\$ -</b>
<b>Revenue from Other Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 400</b>
5200 Interfund Transfers	\$ -	\$ 59,675.42	\$ 31,000.00
5300 Sale of Fixed Assets	-	-	-
5400 Resources - Beginning Fund Balance	577,925.08	48,423.05	129,726.52
<b>Total Revenue from Other Sources</b>	<b>\$ 577,925.08</b>	<b>\$ 108,098.47</b>	<b>\$ 160,726.52</b>
<b>Grand Totals</b>	<b>\$ 7,661,731.06</b>	<b>\$ 321,099.19</b>	<b>\$ 160,726.52</b>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

EXPENDITURE SUMMARY - GENERAL FUND

For the Year Ended June 30, 2020

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
1111 Primary, K-3	\$ 289,976.84	\$ 159,411.84	\$ 127,723.15
1121 Middle/Junior High Programs	96,909.02	53,658.59	41,147.46
1122 Middle/Junior High School Extracurricular	473.29	390.35	37.94
1131 High School Programs	396,614.27	219,222.49	166,205.39
1132 High School Extracurricular	29,114.49	18,821.85	4,181.35
1250 Less Restrictive Programs for Students with Disabilities	24,290.97	10,880.33	12,042.34
1288 Charter School	5,149,033.12	-	-
1291 Salaries	1,885.37	1,330.43	554.94
<b>Total Instruction Expenditures</b>	<b>\$ 5,988,297.37</b>	<b>\$ 463,715.88</b>	<b>\$ 351,892.57</b>

  

<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
2130 Health Services	\$ 274.00	\$ -	\$ -
2220 Educational Media Services	22,787.31	10,098.56	9,186.18
2240 Instructional Staff Development	442.72	-	-
2310 Board of Education Services	24,453.61	-	-
2320 Executive Administration Services	166,815.81	93,173.28	62,358.49
2520 Fiscal Services	141,549.88	32,292.07	33,564.44
2540 Operation and Maintenance of Plant Services	184,235.46	46,557.26	40,343.98
2550 Student Transportation Services	222,740.96	85,894.42	76,015.70
2660 Technical Services	18,554.52	-	-
<b>Total Support Services Expenditures</b>	<b>\$ 781,854.27</b>	<b>\$ 268,015.59</b>	<b>\$ 221,468.79</b>

  

<b>Facilities Acquisition and Construction</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
4150 Building Acquisition, Construction, and Improvement	\$ 75,000.00	\$ -	\$ -
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$ 75,000.00</b>	<b>\$ -</b>	<b>\$ -</b>

  

<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
5100 Debt Service	\$ 14,644.35	\$ -	\$ -
5200 Transfers of Funds	90,675.42	-	-
<b>Total Other Uses Expenditures</b>	<b>\$ 105,319.77</b>	<b>\$ -</b>	<b>\$ -</b>

  

<b>Grand Total</b>	<b>\$ 6,950,471.41</b>	<b>\$ 731,731.47</b>	<b>\$ 573,361.36</b>
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Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ 2,841.85	\$ -	\$ -	\$ -
-	2,102.97	-	-	-
45.00	-	-	-	-
3,601.00	7,585.39	-	-	-
314.50	805.54	-	4,991.25	-
1,368.30	-	-	-	-
5,149,033.12	-	-	-	-
-	-	-	-	-
<b>\$ 5,154,361.92</b>	<b>\$ 13,335.75</b>	<b>\$ -</b>	<b>\$ 4,991.25</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 274.00	\$ -	\$ -	\$ -	\$ -
-	3,393.77	-	108.80	-
442.72	-	-	-	-
16,648.05	6.65	-	7,798.91	-
2,834.96	7,535.58	-	913.50	-
33,479.00	41,068.32	-	1,146.05	-
67,756.44	16,850.44	-	12,727.34	-
21,458.80	34,698.04	-	4,674.00	-
-	18,554.52	-	-	-
<b>\$ 142,893.97</b>	<b>\$ 122,107.32</b>	<b>\$ -</b>	<b>\$ 27,368.60</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ 75,000.00	\$ -	\$ -
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,000.00</b>	<b>\$ -</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ 14,644.35	\$ -
-	-	-	-	90,675.42
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,644.35</b>	<b>\$ 90,675.42</b>
<b>\$ 5,297,255.89</b>	<b>\$ 135,443.07</b>	<b>\$ 75,000.00</b>	<b>\$ 47,004.20</b>	<b>\$ 90,675.42</b>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2020

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>
1131 High School Programs	\$ 20,058.00	\$ 11,173.91	\$ 8,884.09	\$ -	\$ -
1132 High School Extracurricular	8,294.80	-	-	-	8,294.80
1250 Less Restrictive Programs for Students with Disabilities	51,055.00	-	-	51,055.00	-
1271 Remediation	31,152.00	15,189.99	15,962.01	-	-
<b>Total Instruction Expenditures</b>	<b>\$ 110,559.80</b>	<b>\$ 26,363.90</b>	<b>\$ 24,846.10</b>	<b>\$ 51,055.00</b>	<b>\$ 8,294.80</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>
2110 Attendance Services	\$ 78,159.49	\$ 600.88	\$ 433.85	\$ 69,212.15	\$ 7,912.61
<b>Total Support Services Expenditures</b>	<b>\$ 78,159.49</b>	<b>\$ 600.88</b>	<b>\$ 433.85</b>	<b>\$ 69,212.15</b>	<b>\$ 7,912.61</b>
<b>Enterprise and Community Services</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>
3100 Food Services	\$ 86,243.74	\$ 27,312.56	\$ 32,359.94	\$ 2,767.67	\$ 23,803.57
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$ 86,243.74</b>	<b>\$ 27,312.56</b>	<b>\$ 32,359.94</b>	<b>\$ 2,767.67</b>	<b>\$ 23,803.57</b>
<b>Grand Total</b>	<b>\$ 274,963.03</b>	<b>\$ 54,277.34</b>	<b>\$ 57,639.89</b>	<b>\$ 123,034.82</b>	<b>\$ 40,010.98</b>

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

Federal Grantor, Pass through Grantor, Program Title	CFDA	Expenditures
<b><u>U.S. Department of Education</u></b>		
Direct Grant		
Small Rural School Achievement Program	84.358	\$ 955
Passed through North Central Education Service District		
IDEA Special Education Grants to States	84.027	51,055
Passed through Oregon State Department of Education		
Title 1, Part A Cluster		
Title 1 Grants to Local Educational Agencies	84.010	34,912
Full-Service Community Schools Program	84.215J	61,162
Supporting Effective Instruction	84.367	2,282
Student Support and Academic Enrichment	84.424	10,000
Total passed through Oregon State Department of Education		108,356
Total U.S. Department of Education		160,366
<b><u>U.S. Department of Agriculture</u></b>		
Passed through Wheeler County		
Federal Forest Fees	10.665	34,236
Passed through Oregon State Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	1,981
National School Lunch Program	10.555	12,845
Total Child Nutrition Cluster		14,826
Total U.S. Department of Agriculture		49,062
Total federal expenditures		\$ 209,428

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



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

Board of Directors  
Mitchell School District No. 55  
Mitchell, Oregon 97750

We have audited the basic financial statements of Mitchell School District No. 55 as of and for the year ended June 30, 2020 and have issued our report thereon dated December 7, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards*.

**Compliance**

As part of obtaining reasonable assurance about whether Mitchell School District No. 55's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

**Budgets legally required (ORS Chapter 294)**

**Insurance and fidelity bonds in force or required by law**

**Programs funded from outside sources**

**Authorized investment of surplus funds (ORS Chapter 294)**

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

**State school fund factors and calculation**

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

## **OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered Mitchell School District No. 55's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mitchell School District No. 55's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mitchell School District No. 55's internal control over financial reporting.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies, as items 20-01 through 20-04.

### **Mitchell School District No. 55's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Mitchell School District No. 55's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors and management of Mitchell School District No. 55 and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.



Accuity, LLC

December 7, 2020

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2020

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

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

	Objects 325 and 326
Function 2540	\$ 40,803
Function 2550	\$ -

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

\$ -
------

Exclude these functions:

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



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

Board of Directors  
Mitchell School District No. 55  
Mitchell, Oregon 97750

We have audited the basic financial statements of Mitchell School District No. 55 as of and for the year ended June 30, 2020 and have issued our report thereon dated December 7, 2020. We conducted in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States. Our report includes a reference to other auditors who audited the financial statements of Insight Charter School. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Insight Charter School were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Insight Charter School.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Mitchell School District No. 55's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mitchell School District No. 55's internal control. Accordingly, we do not express an opinion on the effectiveness of Mitchell School District No. 55's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies, as items 20-01 through 20-04.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mitchell School District No. 55's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Mitchell School District No. 55's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Mitchell School District No. 55's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Accuity, LLC

Albany, Oregon  
December 7, 2020

**MITCHELL SCHOOL DISTRICT NO. 55**  
**Wheeler County, Oregon**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

<b>Finding Number</b>	<b>Finding</b>
20-01	Due to the limited number of available personnel, it is not always possible for the District to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction.
20-02	The District lacks personnel with the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.
20-03	The District purchased gift cards using student body monies with no verification for whom they were purchased or distributed.
20-04	Internal controls over timesheets are not operating as designed, as an outside party is currently reviewing timesheets for one staff member, rather than District management. Outside parties should not review and/or sign off on any timesheets of District staff.
<b>Management's response:</b>	Due to budgetary constraints, it is improbable that additional staff will be added to correct items 20-01 and 20-02.
20-03	The District will attempt to use gift card purchases as little as possible, and if they are purchased, will make sure access and distribution controls are strengthened.
20-04	Changes will be made to ensure a district employee or board member will review and sign the timesheets.