

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

YEAR ENDED JUNE 30, 2021

WITH

INDEPENDENT AUDITOR'S REPORTS



Certified Public Accountants, LLP

audit | tax | advisory | wealth management | cfo

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon
June 30, 2021

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ADMINISTRATIVE OFFICE:

401 West Fourth Street
P.O. Box 698
Phoenix, Oregon 97535

Brent Barry	Superintendent-Clerk
Javier Del Rio	Assistant Superintendent of Human and Business Resources
Yazmin Karabinas	Director of Accounting

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon
June 30, 2021

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Phoenix, Oregon
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Jackson County School District No. 4
Phoenix-Talent, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Jackson County School District No. 4, (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Jackson County School District No. 4, as of June 30, 2021, 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, other postemployment benefits schedules, pension schedules, and the general and major special revenue governmental funds budgetary comparison schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, other postemployment benefits schedules and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 7, 2021, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of *the Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2021

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

As management of Jackson County School District No. 4 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$2.47 million (net position).
- The District's total net position increased by \$972 thousand. In the prior year, the District's total net position had increased by \$4.03 million.
- The District's net investment in capital assets decreased by \$1.59 million. The District has a restricted net position of \$2.01 million.
- The District's total expenditures increased from the prior year, \$37.19 million to \$41.33 million. The \$4.14 million expenditure increase, is due primarily to a \$1.70 million increase in the enterprise and community service function and a \$1.35 increase in the instruction function. In addition, District revenues increased from the prior year, \$41.22 to \$47.84 million. The increase in revenues is due primarily to an increase in operating grants and contributions of \$4.54 million and an increase in capital grants and contributions of \$1.79 million.
- The District's other assets decreased by \$13.36 million due to spending of bond proceeds restricted for capital assets.
- The District's capital assets increased by \$13.81 million as a result of several construction and improvement projects funded by the 2018 general obligation bonds.
- The District's total liabilities and deferred inflows increased by \$1.30 million during the 2020-21 fiscal year due to an increase in current and other liabilities of \$2.24 million, and a decrease in long-term liabilities of \$1.85 million. The increase in liabilities and deferred inflows include a \$1.77 million increase in accrued interest, a \$2.43 million increase in OPERS pension and OPEB liabilities, and a \$3.4 million decrease in bond payable liabilities.
- The District's governmental funds report combined ending fund balance of \$25.15 million, a decrease of \$12.40 million in comparison with the prior year. The decrease in fund balance is related to the spend down of \$19.90 million in bond proceeds related to facilities acquisition. Approximately, 36.44 percent of this total amount, \$9.16 million, is available for spending at the District's discretion.
- At the end of the fiscal year, the fund balance for the General Fund increased by \$3.16 million, an increase of \$2.83 million from prior year's increase of \$331 thousand. This includes a \$1.08 million increase in property taxes, and a \$1.09 million increase in federal and state revenue resources. Total fund balance in the General Fund represented about 31.93 percent of total General Fund expenditures, up from 21.54 percent in the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Overview of the Financial Statements (continued)

Jackson County School District No. 4 (the District), Phoenix-Talent, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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. These statements include:

The *Statement of Net Position* presents information on all of the assets and liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. 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 net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. 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).

In the government-wide financial statements, the District's activities are shown in one category:

- *Governmental activities.* Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District funds are governmental funds.

The *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 available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Overview of the Financial Statements (continued)

Fund financial statements (continued)

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 government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities, respectively.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Programs, Debt Service, and Capital Projects all of which are considered to be major funds. The District does not have any non-major governmental funds.

The basic governmental fund financial statements can be found on pages 3 to 6 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 7 through 37 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* (RSI). This Management's Discussion and Analysis, is considered required supplementary information. RSI also includes displaying budgetary comparison schedules for the General Fund and all major Special Revenue funds, and certain pension and other postemployment benefits schedules. These RSI can be found on pages 38 to 43 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.47 million at June 30, 2021. At June 30, 2020, District assets and deferred outflows of resources were greater than liabilities and deferred inflows of resources by \$1.50.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, equipment and construction in progress, represent about 66.99 percent of total assets and deferred outflows. The remaining assets consist mainly of cash and investments and represent 22.06 percent of total assets and deferred outflows. At June 30, 2020, capital assets represented approximately 56.33 percent of total assets and deferred outflows.

The District's largest liability (71.66 percent of total liabilities and deferred inflows) is for the repayment of long-term debt and obligations including general obligation, limited tax pension bonds, and deferred accrued interest. Pension and OPEB liabilities represent 21.49 percent of the District's total liabilities and deferred inflows. Current liabilities, representing about 7.00 percent of the District's total liabilities and deferred inflows, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt and accrued interest. In the prior year, the repayment of general obligation and limited tax pension bonds, and deferred accrued interest was also the District's largest liability (73.97 percent) while current liabilities represented about 6.44 percent of total liabilities and deferred inflows.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Government-wide Financial Analysis (continued)

Statement of Net Position (continued)

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending. Although the District's investment in its 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 (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2021	June 30, 2020	June 30, 2020
Assets:			
Current assets	\$ 14,445	\$ 12,779	\$ 1,666
Other assets	15,969	29,504	(13,535)
Capital assets	78,714	64,910	13,805
Total assets	109,129	107,192	1,937
Deferred outflows	8,374	8,034	340
Liabilities:			
Current liabilities	8,052	7,326	726
Other liabilities	24,722	23,206	1,516
Long-term liabilities	78,820	80,666	(1,846)
Total liabilities	111,594	111,197	397
Deferred inflows	3,439	2,532	907
Net position:			
Net investment in capital assets	18,993	20,578	(1,585)
Restricted	2,008	2,047	(39)
Unrestricted	(18,531)	(21,127)	2,598
Total net position	\$ 2,470	\$ 1,497	\$ 972

- During the current fiscal year, the District's net position increased by \$972 thousand.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Government-wide Financial Analysis (continued)

Governmental activities

As previously stated, most District activities are governmental in nature, and during the current fiscal year, the District's net position increased by \$972 thousand. The key elements of the change in the District's net position for the year ended June 30, 2021 are as follows:

	Governmental Activities		Increase
	(in thousands)		(Decrease)
	June 30, 2021	June 30, 2020	From June 30, 2020
Revenues:			
Program revenues:			
Charges for services	\$ 484	\$ 600	\$ (116)
Operating grants and contributions	9,016	4,480	4,537
Capital grants and contributions	4,258	2,464	1,794
General revenues:			
Property taxes	13,470	12,339	1,132
Construction excise tax	151	187	(36)
State school fund - general support	19,445	19,364	82
Common school fund	258	232	26
Federal forest fees	25	28	(2)
Earnings on investments	290	1,368	(1,078)
Other	437	158	279
Total revenues	<u>47,836</u>	<u>41,220</u>	<u>6,616</u>
Special items:			
Loss on disposal of buildings and improvements	<u>(5,530)</u>	<u>-</u>	<u>(5,530)</u>
Expenses:			
Instruction	20,223	18,871	1,352
Support services	13,077	12,420	657
Enterprise and community services	2,993	1,291	1,702
Facilities acquisition and construction	1	-	1
Unallocated depreciation	1,823	1,379	443
Fees and interest on long-term debt	3,217	3,228	(10)
Total expenses	<u>41,334</u>	<u>37,189</u>	<u>4,146</u>
Change in net position	<u>\$ 972</u>	<u>\$ 4,030</u>	<u>\$ (3,057)</u>

- Program revenues increased by \$6.22 million in 2020-21. \$3.37 million were received in Seismic Rehabilitation and OSCIM grant revenues.
- A \$2.2 million Fire Relief Fund was created to receive and distribute donations to student's families displaced by the Alameda Fire in September of 2020. The increase in contributions revenue correlates to the \$1.7 million increase in Enterprise and community services expenditures.
- General revenues increased by \$402 thousand in 2020-21 due to an increase in property taxes of \$1.13 million, and a decrease in earnings on investments of \$1.08 million.
- Instruction and support services expenditures increased by \$2.01 million, and depreciation expense increased by \$444 thousand.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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 relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2021, the District's governmental funds reported combined ending fund balances of \$25.15 million, a decrease of \$12.40 million in comparison with the prior year. About \$9.16 million (36.44 percent) of the ending fund balance constitutes *unassigned ending fund balance*, which is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. As of June 30, 2021, the fund balance was \$9.16 million, up from \$6.00 million in the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 31.93 percent of total General Fund expenditures. The fund balance increased by \$3.16 million during the current fiscal year.

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. As of June 30, 2021, the District has a total fund balance of \$1.77 million. In the prior year the total fund balance was \$2.02 million.

The Debt Service Fund has a total fund balance of \$348 thousand, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year was \$141 thousand.

The Capital Projects Fund has a total fund balance of \$13.87 million which is restricted for the purpose of upgrading the District's schools and athletic facilities. The net decrease in fund balance during the current year was \$15.45 million.

General Fund Budgetary Highlights

Final budget to actual results

The most significant difference between estimated and actual General Fund revenue was the revenue received from Property Taxes. Total estimated revenues were \$9.43 million and total actual revenues were \$10.25 million with a difference of \$825 thousand.

Expenditures were lower than projected. This is primarily due to the COVID-19 pandemic. The State of Oregon issued a stay-at-home order in March 2020 which included the closure of schools to on site instruction for the remainder of the 2019-20 school year and the first half of the 2020-21 school year. This reduced transportation, instructional substitutes costs, and other expenses.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets includes land, buildings and improvements, and vehicles and equipment. As of June 30, 2021, the District had invested \$78.71 million in capital assets, net of depreciation, as shown in the following table:

	Governmental Activities		Increase (Decrease) From
	June 30, 2021	June 30, 2020	June 30, 2020
Capital assets (net of depreciation):			
Land	\$ 2,159,752	\$ 2,149,142	\$ 10,610
Construction in progress	10,785,843	40,159,262	(29,373,419)
Buildings and improvements	63,899,381	21,377,926	42,521,455
Vehicles and equipment	1,869,259	1,223,207	646,052
Total capital assets	<u>\$ 78,714,235</u>	<u>\$ 64,909,537</u>	<u>\$ 13,804,698</u>

During the year, the District's investment in capital assets, net of depreciation, increased by \$13.80 million. The District's current year depreciation expense was approximately \$1.82 million.

Additional information of the District's capital assets can be found in *Note 1* and *Note 4* of this report.

Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$76.64 million, consisting of general obligation debt net of unamortized premium/discount, compared to \$80.10 million in the prior year.

During the current year, the District's total debt decreased by \$3.46 million as a result of current year principal payments made.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95 percent of its total assessed valuation. The current debt limitation for the District is in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in *Note 1* and *Note 7* on of this report.

Economic Factors and Next Year's Budget

During 2021-22, several construction and improvement projects funded by the general obligation bonds issued in 2018, and the State of Oregon matching OSCIM and Seismic Rehabilitation grants will be finished. Due to the cost increase in construction materials, some of the seismic projects planned for other schools in the district will be postponed to the summer of 2023.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Economic Factors and Next Year's Budget (continued)

The District's operations are mainly funded by the State of Oregon's School Fund formula, property taxes, and construction excise taxes which in total represent about 81 percent of the District's total operating revenues.

The District has experienced a 13 percent decrease in student enrollment due to the September 8th, 2020 Alameda Fire. Many students and their families were displaced by the fire and remain without a home during the 2021-22 school year. Student enrollment is expected to increase as housing becomes increasingly available for displaced families in the District's area.

House Bill 2630 proposes that, for the next four years, districts impacted by the wild fires of 2020 will receive State School Fund distributions based on the ADMw (Weighted Average Daily Membership) of the 2019-20 school year. The House Bill is expected to pass in early 2022 and would be applied retroactively to take effect on July 1, 2021. This will provide the District with steady resources to continue providing instructional programs and additional support to all students.

Due to the loss of property caused by the Alameda fire in the cities of Phoenix and Talent, property tax revenue allocation decreased by 3.4 percent for the 2021-22 year. The property tax revenue is expected to increase as more commercial and residential properties are restored.

Salaries and benefit costs are expected to increase approximately 7.2 percent in 2021-22 based on current contractual obligations.

The District's Budget Committee and School Board considered all available factors while preparing the budget for the 2021-2022 fiscal year.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Accounting at 401 W. 4th Street, PO Box 698, Phoenix, Oregon 97535.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
ASSETS:	
Cash and investments	\$ 10,365,531
Receivables	4,057,567
Prepaid expenses	12,225
Inventories	10,084
Restricted cash and investments for capital projects	15,551,572
Capital assets, net	
Land	2,159,752
Construction in progress	10,785,843
Buildings and improvements	63,899,381
Machinery and equipment	1,869,259
OPEB asset (RHIA)	417,540
TOTAL ASSETS	109,128,754
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	7,922,791
Deferred outflows related to other post-employment benefits (RHIA)	49,922
Deferred outflows related to other post-employment benefits (single employer medical benefit plan)	193,277
Deferred outflows related to early retirement stipend benefit plan	208,202
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,374,192
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	117,502,946
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
LIABILITIES:	
Accounts payable	2,667,902
Accrued payroll liabilities	1,654,809
Accrued interest payable	5,792,970
Unearned revenue	115,594
OPERS pension liabilities (due in more than one year)	20,400,660
Other post employment benefit obligation (OPEB) (due in more than one year)	2,244,995
Early retirement stipend pension plan obligation (due in more than one year)	2,076,564
Bonds payable, net of unamortized premium/discount	
Due within one year	3,613,543
Due in more than one year	73,026,900
TOTAL LIABILITIES	111,593,937
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (OPERS)	2,524,866
Deferred inflows related to other post-employment benefits (RHIA)	159,357
Deferred inflows related to other post-employment benefits (single employer medical benefit plan)	670,219
Deferred inflows related to early retirement stipend benefit plan	84,721
TOTAL DEFERRED INFLOWS OF RESOURCES	3,439,163
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	115,033,100
NET POSITION:	
Net investment in capital assets	18,992,970
Restricted	2,007,609
Unrestricted (deficit)	(18,530,733)
TOTAL NET POSITION	\$ 2,469,846

See notes to basic financial statements

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 20,222,502	\$ 440,972	\$ 3,568,800	\$ -	\$ (16,212,730)
Supporting services	13,077,368	41,914	2,104,286	-	(10,931,168)
Enterprise and community services	2,992,963	1,205	3,343,249	-	351,491
Facilities and acquisition and construction	919	-	-	4,258,222	4,257,303
Fees and interest on long-term debt	3,216,786	-	-	-	(3,216,786)
Unallocated depreciation	1,823,360	-	-	-	(1,823,360)
Total government activities	<u>\$ 41,333,898</u>	<u>\$ 484,091</u>	<u>\$ 9,016,335</u>	<u>\$ 4,258,222</u>	<u>(27,575,250)</u>
General revenues:					
Property taxes levied for general purposes					10,074,401
Property taxes levied for debt service					3,396,050
Construction excise tax					150,691
Earnings on investments					290,308
State school fund - general support					19,445,496
Common school fund					258,360
Federal forest fees					25,470
Miscellaneous					<u>437,073</u>
Total general revenues					<u>34,077,849</u>
Special item:					
Loss on disposal of buildings and improvements					<u>(5,530,176)</u>
CHANGE IN NET POSITION					<u>972,423</u>
NET POSITION - July 1, 2020					<u>1,497,423</u>
NET POSITION - June 30, 2021					<u><u>\$ 2,469,846</u></u>

FUND FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS					
Cash and investments	\$ 9,622,742	\$ 439,901	\$ 302,888	\$ -	\$ 10,365,531
Receivables	1,432,151	1,782,224	116,106	727,086	4,057,567
Prepays	249	11,976	-	-	12,225
Restricted cash and investments	-	-	-	15,551,572	15,551,572
TOTAL ASSETS	\$ 11,055,142	\$ 2,234,101	\$ 418,994	\$ 16,278,658	\$ 29,986,895
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 100,763	\$ 158,223	\$ -	\$ 2,408,916	\$ 2,667,902
Accrued payroll liabilities	1,460,833	193,468	-	508	1,654,809
Unearned revenue	-	115,594	-	-	115,594
TOTAL LIABILITIES	1,561,596	467,285	-	2,409,424	4,438,305
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	330,165	-	71,098	-	401,263
TOTAL DEFERRED INFLOWS	330,165	-	71,098	-	401,263
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,891,761	467,285	71,098	2,409,424	4,839,568
Fund Balances:					
Nonspendable	249	11,976	-	-	12,225
Nonspendable scholarships	-	624,557	-	-	624,557
Restricted for debt service	-	-	347,896	-	347,896
Restricted for capital projects	-	349,439	-	13,869,234	14,218,673
Restricted for student body	-	497,070	-	-	497,070
Restricted for fire relief	-	117,549	-	-	117,549
Assigned	-	166,225	-	-	166,225
Unassigned	9,163,132	-	-	-	9,163,132
TOTAL FUND BALANCES	9,163,381	1,766,816	347,896	13,869,234	25,147,327
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,055,142	\$ 2,234,101	\$ 418,994	\$ 16,278,658	\$ 29,986,895

JACKSON COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2021

TOTAL FUND BALANCES		\$ 25,147,327
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 98,582,759	
Accumulated depreciation	<u>(19,868,524)</u>	78,714,235
In the governmental funds, inventory is accounted for under the purchase method and the current value is not reported in the fund balance sheet.		10,084
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		401,263
The net deferred outflow/(inflow) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		5,397,925
The net deferred outflow/(inflow) associated with the District's other post-employment benefits (RHIA) is not recorded in the governmental funds as it is not available nor payable currently.		(109,435)
The net deferred outflow/(inflow) associated with the District's other post employment benefits (single employer medical benefit plan) is not recorded in the governmental funds as it is not available nor payable currently.		(476,942)
The net deferred outflow/(inflow) associated with the District's stipend (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		123,481
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable		(5,792,970)
Bonds payable, net of bond premium		(76,640,443)
The liability associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		(20,400,660)
The early retirement stipend pension plan obligation is not reported with the governmental funds.		(2,076,564)
The asset associated with the District's RHIA OPEB (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		417,540
The other post employment benefit liability obligation is not reported with the governmental funds.		<u>(2,244,995)</u>
TOTAL NET POSITION		<u><u>\$ 2,469,846</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Property taxes and other taxes	\$ 10,254,932	\$ 150,691	\$ 3,457,579	\$ -	\$ 13,863,202
Intergovernmental	21,206,315	4,997,766	-	3,814,754	30,018,835
Charges for services	104,359	379,732	-	-	484,091
Local grants and contributions	-	2,510,290	-	437,520	2,947,810
Investment earnings	105,330	8,811	10,333	165,834	290,308
Miscellaneous	104,283	259,603	-	-	363,886
TOTAL REVENUES	31,775,219	8,306,893	3,467,912	4,418,108	47,968,132
EXPENDITURES					
Current:					
Instruction	16,092,638	2,992,545	-	-	19,085,183
Support services	11,021,406	1,546,229	-	-	12,567,635
Enterprise and community services	-	3,423,016	-	-	3,423,016
Facilities and acquisition	-	593,563	-	19,898,746	20,492,309
Debt service	1,585,058	-	3,326,451	-	4,911,509
TOTAL EXPENDITURES	28,699,102	8,555,353	3,326,451	19,898,746	60,479,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,076,117	(248,460)	141,461	(15,480,638)	(12,511,520)
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	82,637	-	-	27,788	110,425
TOTAL OTHER FINANCING SOURCES (USES)	82,637	-	-	27,788	110,425
NET CHANGE IN FUND BALANCE	3,158,754	(248,460)	141,461	(15,452,850)	(12,401,095)
FUND BALANCE, July 1, 2020	6,004,627	2,015,276	206,435	29,322,084	37,548,422
FUND BALANCE, June 30, 2021	\$ 9,163,381	\$ 1,766,816	\$ 347,896	\$ 13,869,234	\$ 25,147,327

JACKSON COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

NET CHANGE IN FUND BALANCE

\$ (12,401,095)

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

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 21,158,234	
Loss on disposal of buildings and improvements	(5,530,176)	
Less current year depreciation	<u>(1,823,360)</u>	13,804,698

The issuance on long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt principal repaid		3,249,779
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In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.

Interest paid	\$ 1,661,729	
Interest expense	<u>(3,216,786)</u>	(1,555,057)

Governmental funds do not report inventory balances under the purchase method of accounting for inventory while the Statement of Net Position does. This is the change in inventory in the current period.

(692)

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.

(242,060)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned (actuarially determined) net of employee contributions (OPERS) is reported as pension expense (including deferred outflows and inflows).

(2,152,553)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned (actuarially determined) net of employee contributions (stipend) is reported as pension expense (including deferred outflows and inflows).

79,456

The change in the total single employer post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows).

72,040

The change in the net post employment benefit asset (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).

117,907

CHANGE IN NET POSITION

\$ 972,423

NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The financial statements of Jackson County School District No. 4 (the District), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (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 standards. The more significant of the District's accounting policies are described below.

The Reporting Entity

Jackson County School District No. 4, Phoenix-Talent, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The more significant of the District's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements. The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net Position is reported as restricted when constraints placed on net position use is either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements. The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All the District's funds are categorized as major funds.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund – The Special Revenue Fund accounts for revenues and expenditures of grants and contributions restricted for specific educational purposes. Principal revenue sources are federal and state grants and contributions.

Debt Service Fund – The Debt Service Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes.

Capital Project Fund – The Capital Project Fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds, interest earnings, and capital grant funds.

Measurement Focus and Basis of Accounting.

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, and there are both restricted and unrestricted net position available to finance the program, it is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand and demand deposits.

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Changes in the fair value of investments are recorded as investment earnings.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments (continued)

The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Accounts and Other Receivables

Accounts receivable and other receivables consist primarily of charges for services, claims for reimbursement of costs under various federal and state grant programs and refunds of prior year expenditures.

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Inventories

Inventory consists of supplies held for use. In the government-wide financial statements, inventories are stated at cost using the first-in, first-out (FIFO) method. In the fund financial statements, inventory is reported using the purchase method where purchases are charged to expense when purchased.

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements – 20 to 50 years
Equipment – 3 to 20 years

Post-Employment Health Care Benefits

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS) – Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made on a current basis as required by the plan and are charged as expenses.

Additionally, the District offers eligible employees, who elect early retirement, payment of group medical insurance premiums. The District also allows eligible retirees to purchase health insurance at the same rate as active employees. Such costs are recorded as expenses in the General Fund and funded as premiums become due.

Pension and Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses/expenditures.

Additionally, the District offers eligible employees who elect early retirement a monthly stipend. Such costs are recorded as expense in the General Fund and funded as stipend benefits become due.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the District 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of deferred outflows, both arise under the full accrual basis of accounting that qualifies for reporting in this category: deferred amounts related to pensions and deferred amounts related to other-postemployment benefits. These amounts are reported in the government-wide statement of net position.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

The governmental funds report expense related to pension and other postemployment benefits contributions. These amounts are deferred and recognized as an outflow of resources in the period that is actuarially determined.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (of revenue) until that time. The District has three types of deferred inflows, one which arises only under the modified accrual basis of accounting (unavailable revenues) and two that are reported under the full accrual basis of accounting (deferred amounts related to pensions and deferred amounts related to other-postemployment benefits). Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet, and deferred amounts related to pensions and deferred amounts related to other-postemployment benefits, is reported in the government-wide statement of net position.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

Net Position/Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

Restricted net position – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position (deficit) – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position/Fund Balance (continued)

In the fund financial statements, governmental fund equity is classified in the following categories:

Non-Spendable – Includes items not immediately convertible to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Education, by formal board action.

Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Director of Accounting.

Unassigned – This is the residual classification used for those balances not assigned to another category.

The District has approved the following order of spending regarding fund balance categories: restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and lastly unassigned fund balance.

Interfund Transactions

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. This budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure 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 at a regular 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. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. The District did not exceed its authorized appropriations for the year ended June 30, 2021.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2021, the District did not implement any new GASB Pronouncements.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2021:

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2022.

GASB Statement No 91, *Conduit Debt Obligations*. Issued May 2019, this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2023.

The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Note 2 - Cash and Investments

Cash and investments are composed of the following at June 30, 2021:

Petty cash	\$ 300
Deposits with financial institutions:	
Demand deposits	2,059,982
Investments	<u>23,856,821</u>
Total cash and investments	<u><u>\$ 25,917,103</u></u>

Cash and investments are shown on the basic financial statements as:

Cash and investments	\$ 10,365,531
Restricted cash and investments for capital projects	<u>15,551,572</u>
Total cash and investments	<u><u>\$ 25,917,103</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 2 - Cash and Investments (continued)

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2021. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2021, the carrying amounts of the District deposits in various financial institutions were \$2,059,982 and the bank balances were \$3,466,389. All deposits are held in the name of the District. Of the bank balance, \$3,198,534 is not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon, as identified by the State's Treasurer.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2021. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. At June 30, 2021, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 2 - Cash and Investments (continued)

Credit Risk. State statutes authorize the District to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. All the District's investments are in an external investment pool.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

At June 30, 2021, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 23,856,821</u>
			<u><u>\$ 23,856,821</u></u>

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

<u>Investments Measured at Fair Value:</u>	<u>Totals at June 30, 2021</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Amortized Cost Measurement Not Measured at Fair Value</u>
Local Government Investment Pool	<u>\$ 23,856,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,856,821</u>
	<u><u>\$ 23,856,821</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,856,821</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 3 - Receivables

Receivables are comprised of the following at June 30, 2021:

	Property Taxes	Grants	Other	Total
General Fund	\$ 467,946	\$ 570,708	\$ 393,497	\$ 1,432,151
Special Revenue Fund	-	1,782,224	-	1,782,224
Debt Service Fund	116,106	-	-	116,106
Capital Projects Fund	-	727,086	-	727,086
	<u>\$ 584,052</u>	<u>\$ 3,080,018</u>	<u>\$ 393,497</u>	<u>\$ 4,057,567</u>

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 2,149,142	\$ 10,610	\$ -	\$ -	\$ 2,159,752
Construction in progress	40,159,262	18,233,022	-	(47,606,441)	10,785,843
Total capital assets not being depreciated	<u>\$ 42,308,404</u>	<u>\$ 18,243,632</u>	<u>\$ -</u>	<u>\$ (47,606,441)</u>	<u>\$ 12,945,595</u>
Capital assets being depreciated:					
Building and improvements	\$ 43,479,317	\$ 2,112,931	\$ (15,762,718)	\$ 47,599,193	\$ 77,428,723
Equipment/fixtures/vehicles	7,476,570	801,671	(77,048)	7,248	8,208,441
Total capital assets being depreciated	<u>\$ 50,955,887</u>	<u>\$ 2,914,602</u>	<u>\$ (15,839,766)</u>	<u>\$ 47,606,441</u>	<u>\$ 85,637,164</u>
Less accumulated depreciation for:					
Building and improvements	\$ (22,101,391)	\$ (1,667,539)	\$ 10,239,588	\$ -	\$ (13,529,342)
Equipment/fixtures/vehicles	(6,253,363)	(155,821)	70,002	-	(6,339,182)
Total accumulated depreciation	<u>\$ (28,354,754)</u>	<u>\$ (1,823,360)</u>	<u>\$ 10,309,590</u>	<u>\$ -</u>	<u>\$ (19,868,524)</u>
Total capital assets (net)					
Land	\$ 2,149,142	\$ 10,610	\$ -	\$ -	\$ 2,159,752
CIP	40,159,262	18,233,022	-	(47,606,441)	10,785,843
Building and improvements	21,377,926	445,392	(5,523,130)	47,599,193	63,899,381
Equipment/fixtures/vehicles	1,223,207	645,850	(7,046)	7,248	1,869,259
Total capital assets (net)	<u>\$ 64,909,537</u>	<u>\$ 19,334,874</u>	<u>\$ (5,530,176)</u>	<u>\$ -</u>	<u>\$ 78,714,235</u>

Unallocated depreciation expense for the year ended June 30, 2021 totaled \$1,823,360.

During the current year, the District elected to tear down the existing Phoenix High School building and begin new construction to replace the facility using funds from the 2018 General Obligation Bond issuance. As a result of the related disposal of buildings and improvements capital assets, the District recorded a loss on disposal of \$5,530,176 for the year ended June 30, 2021. This loss is recorded as a Special Item on the Statement of Activities.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 5 - Unavailable/Unearned Revenues

Governmental funds report deferred inflows of resources in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Amounts received in advance of the period in which services are performed are recorded as unearned revenue. At June 30, 2021, the various components of unavailable and unearned revenue included in the governmental funds' Balance Sheet consist of the following:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund			
Property taxes	\$ 330,165	\$ -	\$ 330,165
Special revenue fund			
Grants	-	115,594	115,594
Debt service fund			
Property taxes	71,098	-	71,098
Total unavailable and unearned revenue	<u>\$ 401,263</u>	<u>\$ 115,594</u>	<u>\$ 516,857</u>

Note 6 - Operating Leases

The District leases copiers under non-cancellable operating leases. Total costs for such leases were \$45,857 for the fiscal year ended June 30, 2021. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 39,762
2023	35,653
2024	35,653
Total	<u>\$ 111,068</u>

Note 7 - Long-Term Debt

General Obligation Bonds

On March 20, 2018, the District issued \$48,101,046 General Obligation Bonds, Series 2018A (Tax-Exempt Deferred Interest Bonds) and \$19,895,000 General Obligation Bonds, Series 2018B (Tax-Exempt Current Interest Bonds), collectively the "Bonds". The Bonds have interest rates ranging between 1.77% and 5.00%. They were issued at a premium of \$3,276,768 and incurred issuance cost of \$454,291. The \$70,818,523 proceeds from the sale of the Bonds will be used to finance capital costs (Project) and to pay the costs of issuance of the Bonds. Specifics on the Project include: 1) improving safety, security, and learning environments at all schools, 2) increasing accessibility for people with disabilities at all schools, 3) construction of new classrooms and educational facilities and major renovations to Career Technical Education buildings, academic buildings and athletic facilities at Phoenix High School, 4) seismic upgrades at all schools, 5) addressing future growth of the District, and 6) modernizing all schools, including improvements for heating, ventilation, energy efficiency and lighting.

In an event of default, the owners of fifty-one (51%) percent or more of the principal amount of bonds then outstanding may take whatever action may appear necessary or desirable to enforce or protect any of the rights of the owners of bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the resolution or the bonds or in aid of the exercise of any power granted in the resolution or in the bonds or for the enforcement of any other legal or equitable right vested in the owners of bonds by the resolution or the bonds or by law.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 7 - Long-Term Debt (continued)

General Obligation Bonds (continued)

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2022	\$ 2,276,039	\$ 1,150,411	\$ 3,426,450	2.180%
2023	2,293,798	1,232,652	3,526,450	2.370%
2024	2,306,770	1,329,680	3,636,450	2.570%
2025	2,301,137	1,440,313	3,741,450	2.780%
2026	2,281,017	1,565,433	3,846,450	3.000%
2027-2031	17,865,000	3,230,150	21,095,150	4.000% - 5.000%
2032-2036	12,003,599	9,507,901	21,511,500	4.010% - 4.130%
2037-2041	10,217,041	14,717,959	24,935,000	4.160% - 4.330%
2042-2046	9,313,025	19,586,976	28,900,001	4.340% - 4.380%
2047-2048	3,516,096	9,293,901	12,809,997	4.390% - 4.400%
Total	<u>\$ 64,373,522</u>	<u>\$ 63,055,376</u>	<u>\$ 127,428,898</u>	

Pension Obligation Bond – Series 2004

In February of 2004, the District participated in a pooled issuance of Series 2004 limited tax pension obligations. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from State Education Revenues.

On February 6, 2004, the District entered into an agreement to participate in the Oregon School Board Association Limited Tax Pension Bonds. Bonds were issued in the amount of \$14,895,000, bearing an interest rate of 3.25% to 5.53%, payable semiannually on June 30 and December 30 of each year until maturity in 2028. The 2004 Obligations are subject to prepayment as further described in the official statement. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration.

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2022	\$ 1,065,000	\$ 528,444	\$ 1,593,444	5.473%
2023	1,205,000	470,156	1,675,156	5.528%
2024	1,355,000	403,544	1,758,544	5.528%
2025	1,515,000	328,640	1,843,640	5.528%
2026	1,685,000	244,890	1,929,890	5.528%
2027-2028	2,745,000	199,838	2,944,838	5.528%
Total	<u>\$ 9,570,000</u>	<u>\$ 2,175,512</u>	<u>\$ 11,745,512</u>	

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 7 - Long-Term Debt (continued)

OSBA FlexFund Obligation Bond

On October 30, 2012, the District entered into an agreement to participate in the Oregon School Boards Association (OSBA) FlexFund Program. Bonds were issued in the amount of \$602,000, bearing an interest rate of 0.75% to 3.00%, payable semiannually. The bonds mature in 2022. The bonds maturing in the years 2014 through 2017 are not subject to redemption prior to maturity. The bonds maturing on or after the year 2018 are subject to redemption from the proceeds of the optional prepayment of the installment financing agreement. The installment financing agreement is subject to optional prepayment by the issuer, in whole or in part on any date, on and after June 1, 2017 at the price of par plus accrued interest, if any, to the date of redemption. In an event of default, the underwriter may terminate its obligation without liability there for, by notifying the issuer of its election to do so in writing.

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2022	\$ 67,000	\$ 2,010	\$ 69,010	3.000%
Total	<u>\$ 67,000</u>	<u>\$ 2,010</u>	<u>\$ 69,010</u>	

The changes in unmatured bond principal for the year ended June 30, 2021 are as follows:

	Original Issue	Outstanding July 1, 2020	Issued	Matured and Redeemed	Outstanding June 30, 2021	Due in One Year
General Obligation Bonds						
2018 Series	\$ 67,996,046	\$ 66,621,301	\$ -	\$ (2,247,779)	\$ 64,373,522	\$ 2,276,039
Total General Obligation	<u>67,996,046</u>	<u>66,621,301</u>	<u>-</u>	<u>(2,247,779)</u>	<u>64,373,522</u>	<u>2,276,039</u>
Pension Obligation Bond						
2004 Series	14,895,000	10,510,000	-	(940,000)	9,570,000	1,065,000
Total Pension Obligation	<u>14,895,000</u>	<u>10,510,000</u>	<u>-</u>	<u>(940,000)</u>	<u>9,570,000</u>	<u>1,065,000</u>
OSBA FlexFund Obligation Bond						
2012 Series	602,000	129,000	-	(62,000)	67,000	67,000
Total OSBA FlexFund Obligation	<u>602,000</u>	<u>129,000</u>	<u>-</u>	<u>(62,000)</u>	<u>67,000</u>	<u>67,000</u>
Total Long Term Debt	<u>\$ 83,493,046</u>	<u>77,260,301</u>	<u>-</u>	<u>(3,249,779)</u>	<u>74,010,522</u>	<u>3,408,039</u>
Unamortized Premium/(Discount)		2,842,601	-	(212,680)	2,629,921	205,504
		<u>\$ 80,102,902</u>	<u>\$ -</u>	<u>\$ (3,462,459)</u>	<u>\$ 76,640,443</u>	<u>\$ 3,613,543</u>

Interest paid on the above debt was \$1,661,729 and interest expense for the year ended June 30, 2021 is \$3,216,786. The District had no direct borrowing or direct placement debt at June 30, 2021.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 8 - Permanently Restricted Net Position/Fund Balance

During the year ended June 30, 2009 the Fletcher Fish Memorial Scholarship fund (Scholarship fund) was established. The contribution is permanently restricted by the donor. Only the income from the fund shall be used to award scholarships to Phoenix High School graduates attending post-secondary educational institutions and shall be awarded based on academic accomplishments and financial need. Two scholarships may be awarded annually. At June 30, 2021 the balance of the Scholarship Fund is \$624,557. The Scholarship Fund is currently invested in the Local Government Investment Pool.

Note 9 - Post-Employment Health Care Benefits (OPEB)

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan to staff that were hired before July 1, 2003 and the District contributes to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan.

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy).

Plan Description. The District maintains a single-employer defined benefit OPEB plan that provides explicit and implicit post-employment healthcare benefits to eligible retirees and their spouses and dependents.

For implicit medical benefits, the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Their requirement to make available to retirees (at the retirees' own cost) access in to the healthcare plan has an implicit cost to the District.

Generally, for explicit medical benefits, the program covers all who meet Oregon PERS retirement eligibility by receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. The program covers Administrative, Classified and Confidential staff that have been employed prior to July 1, 2003. Additionally, eligible Administrative staff must have at least 15 years of experience, Classified staff must have at least 20 years of continuous service, and Confidential staff must have at least 10 years of continuous experience. An eligible employee qualifies for paid health care coverage currently being received by active employees. Qualified spouses, domestic partners, and children may qualify for coverage. The coverage is paid for eight years or until Medicare eligibility, whichever comes first. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

For fiscal year ended June 30, 2021, District contributions for Administrative and Confidential retirees are capped at \$2,028 per month, and for Classified retirees, are capped at \$1,486 per month. These caps are expected to inflate in future years.

Funding Policy. The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. The amount paid by the District for the benefit for the year ended June 30, 2021 was \$102,121.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 9 - Post-Employment Health Care Benefits (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (continued)

Employees Covered by Benefit Terms. The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees hired subsequent to July 1, 2003. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2021, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	<u>269</u>
	<u>288</u>

Total OPEB Liability. The Districts total OPEB liability of \$2,244,995 was measured as of June 30, 2021, and was determined by an actuarial valuation date as of July 1, 2020.

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	2.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.0% per year
Payroll Growth	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit
Annual Premium Increase Rate	Between 3.50% and 6.00% annually
Mortality Rates	RP 2010, Teachers, sex distinct, projected generationally
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	No impact of dependent children on the implicit subsidy is assumed

Changes in the Total OPEB Liability

Total OPEB Liability at June 30, 2020	\$ 2,399,974
Changes for the year:	
Service cost	132,018
Interest	55,131
Difference between expected and actual experience	35,206
Changes of assumptions or other input	(213,867)
Benefit payments	<u>(163,467)</u>
Total OPEB Liability at June 30, 2021	<u>\$ 2,244,995</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 9 - Post-Employment Health Care Benefits (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	\$ 2,432,561	\$ 2,244,995	\$ 2,080,611

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease 2.50% Graded Down to 5.00%	Current Trend Rate 3.50% Graded Down to 6.00% Trend Rates	1% Increase 4.50% Graded Down to 7.00%
Total OPEB Liability	\$ 1,998,810	\$ 2,244,995	\$ 2,542,335

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2021, the District recognized a reduction in OPEB expense of \$72,040, and reported the following deferred outflows of resources and deferred inflows of resources related to the single employer defined benefit health care plan:

	Deferred Outflow s of Resources	Deferred (Inflow s) of Resources
Difference between expected and actual experience	\$ 30,177	\$ (15,452)
Changes of assumptions	163,100	(654,767)
Total	\$ 193,277	\$ (670,219)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflow / (Inflow) of Resources
2022	\$ (95,722)
2023	(95,722)
2024	(95,722)
2025	(95,722)
2026	(95,716)
Thereafter	1,662
Total	\$ (476,942)

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 9 - Post-Employment Health Care Benefits (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (Medical Subsidy) (continued)

Changes in Assumptions and Methods

- Premium increase rates were modified to reflect anticipated experience and current Oregon law.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

Retirement Health Insurance Account (RHIA)

Plan Description. As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer OPEB plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan was closed to new entrants hired on or after August 29, 2003.

OPEB Benefits. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410.

To be eligible to receive this monthly payment toward the premium costs, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions. Participating employees are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The District currently contributes 0.00% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits and 0.06% of all PERS-covered salaries over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The contribution rates in effect for the fiscal year ended June 30, 2021 for the OPEB program were: Tier 1/Tier 2 – 0.00%, and OPSRP general service – 0.06%. The District contributed \$2,764 for the year ended June 30, 2021.

Oregon PERS Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 9 - Post-Employment Health Care Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

Actuarial Valuation. The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 10 Pension and Retirement Plans*, except for the table listed below:

Actuarial assumptions:

Retiree healthcare participation

Healthy retirees: 32%; Disabled retirees: 20%

Healthcare cost trend rate

Not applicable

The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the District reported \$417,540 for its proportionate share of the net OPEB asset. The net RHIA OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The District's proportion of the net RHIA OPEB asset was based on a projection of the District's long-term share of contributions to the RHIA OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 (measurement date), the District's proportion was approximately 0.20491716 percent.

For the year ended June 30, 2021, the District recognized a reduction of OPEB expense of \$117,907. The reduction of OPEB expense was generated during the measurement period primarily as a result of more than anticipated investment returns at the OPERS level. The \$117,907 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 66%, 33% and 1%, respectively.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (42,685)
Changes of assumptions	-	(22,194)
Net difference between projected and actual earning on investments	46,434	-
Changes in proportionate share	724	(94,478)
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	2,764	-
Total	<u>\$ 49,922</u>	<u>\$ (159,357)</u>

\$2,764 reported as deferred outflows of resources related to RHIA OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2022.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 9 - Post-Employment Health Care Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to RHIA OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2022	\$ (90,700)
2023	(53,311)
2024	17,165
2025	14,647
Total	<u>\$ (112,199)</u>

Sensitivity for the District's Proportionate Share of the Net RHIA OPEB Asset to Changes in 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 RHIA OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.20 percent) or 1-percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit OPEB Liability/(Asset)	\$ (337,093)	\$ (417,540)	\$ (486,325)

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Changes in Assumptions. The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 10 Pension and Retirement Plans*.

Note 10 - Pension and Retirement Plans

Tax Sheltered Annuity Plan

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code), and deferred compensation program pursuant to Section 457 of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District provides no matching component for employee contributions.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan

Plan Description. The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible Administrative, Classified, Confidential and Licensed employees of the District (not administered through a trust). For retirement eligibility the retiree must be receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. The program covers Administrative, Classified and Confidential staff that were employed by the District prior to July 1, 2003, and Licensed staff prior to June 20, 2003. Additionally, eligible Administrative staff must have at least 15 years of experience, Classified staff at least 20 years of continuous experience, Confidential staff at least 10 years of continuous experience and Licensed staff 15 years of full-time experience with the District, or at least 10 years of full-time experience and be on Step 15 of the Licensed salary schedule. Upon reaching age 55 (and having the required number of years of experience prior to the specified eligibility date), an employee may elect early retirement. A stipend in lieu of medical insurance from the District is available for Administrative and Confidential staff equal to the medical premium, Classified may elect a \$100 stipend in lieu of insurance benefit, and Licensed staff may elect to receive 2.65% of base Licensed salary per month, which is allowed to inflate post-retirement. The stipend is paid for eight years or until the retiree is eligible for full Social Security Benefits, whichever comes first. There are no survivor benefits.

Funding Policy. The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the year ended June 30, 2021 was \$305,827. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	269
	<u>288</u>

Total Stipend Pension Liability. The districts total stipend pension liability of \$2,076,564 was measured as of June 30, 2021, and was determined by an actuarial valuation date as of July 1, 2020.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

Actuarial Assumptions and Other Inputs. The total stipend pension liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	2.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.0% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit
Annual Premium Increase Rate	Between 3.50% and 6.00% annually
Mortality Rates	RP 2010, Teachers, sex distinct, projected generationally
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	No impact of dependent children on the implicit subsidy is assumed

Changes in the Total Stipend Pension Liability

Total Stipend Pension Liability at June 30, 2020	\$ 2,179,623
Changes for the year:	
Service cost	63,852
Interest	47,515
Differences between expected and actual experience	125,949
Changes of assumptions or other input	(76,973)
Benefit payments	(263,402)
Total Stipend Pension Liability at June 30, 2021	<u>\$ 2,076,564</u>

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate. The following presents the total stipend pension liability of the District, as well as, what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	\$ 2,163,757	\$ 2,076,564	\$ 1,991,327

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2021, the District recognized a reduction of stipend pension expense of \$79,456.

	Deferred Outflow s of Resources	Deferred (Inflow s) of Resources
Difference between expected and actual experience	\$ 139,052	\$ -
Changes of assumptions or other input	69,150	(84,721)
Total	<u>\$ 208,202</u>	<u>\$ (84,721)</u>

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

Year Ended June 30,	Deferred Outflow / (Inflow) of Resources
2022	\$ 72,580
2023	50,901
Total	<u>\$ 123,481</u>

Changes in Assumptions and Methods

- Premium increase rates were modified to reflect anticipated experience and current Oregon law.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

OPERS Plan

Plan Description. Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan administered in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier 1 or Tier 2 described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier 1 assumed earnings rate guarantee.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Beginning January 1, 2004, PERS active Tier 1 and Tier 2 members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Regular or Variable accounts, but member contributions are now deposited into the member's IAP account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

Tier 1/Tier 2 Retirement Benefit (Chapter 238)

Pension Benefits. The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

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

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

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

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

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

Benefit Changes After Retirement. Members may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations covered by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

OPSRP Pension Program (Chapter 238A)

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:

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 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. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

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 adjustment (COLA). The COLA is capped at 2.0%.

Funding Policy. OPERS' 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.

Contributions. OPERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The District's employer contributions for the year ended June 30, 2021 were \$2,112,134 , excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2021 for each pension program were: Tier 1/Tier 2 – 18.97%, and OPSRP general service – 13.52%.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Oregon PERS Comprehensive Annual Financial Report (CAFR)

OPERS prepares their financial statements in accordance with GAAP as set forth in GASB pronouncements that apply to governmental accounting for fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plans. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction in between market participants at the measurement date. OPERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial Valuation. The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry age normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

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 below are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's 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 pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	15.00%
Opportunity portfolio	0.00%
Risk parity	2.50%
Total	<u>100.00%</u>

Investment Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the OPERS 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below:

Asset Class	Target Allocation	20-year Annualized Geometric Mean
Core fixed income	9.60%	4.07%
Short-term bonds	9.60%	3.68%
Intermediate-term bonds	3.60%	5.19%
High yield bonds	1.20%	5.74%
Large/mid cap US equities	16.17%	6.30%
Small cap US equities	1.35%	6.68%
Micro cap US equities	1.35%	6.79%
Developed foreign equities	13.48%	6.91%
Emerging market equities	4.24%	7.69%
Non-US small cap equities	1.93%	7.25%
Private equities	17.50%	8.33%
Real estate (property)	10.00%	5.55%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	1.50%	4.06%
Hedge fund - event-driven	0.34%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Total	100.00%	
Assumed inflation - mean		2.50%

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the District reported \$20,400,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. 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 June 30, 2020 (measurement date), the District's proportion was approximately 0.09348050 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$2,152,553. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level. The \$2,152,553 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 66%, 33% and 1%, respectively.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ 897,876	\$ -
Changes of assumptions	1,094,839	(38,361)
Net difference between projected and actual earning on investments	2,398,853	-
Changes in proportionate share	154,120	(1,989,311)
Differences between employer contributions and employers proportionate share of system contributions	1,264,969	(497,194)
Contributions subsequent to measurement date	2,112,134	-
Total	<u>\$ 7,922,791</u>	<u>\$ (2,524,866)</u>

The \$2,112,134 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to pensions will be recognized in pension expense or expense reduction as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources
2022	\$ 659,533
2023	996,982
2024	923,522
2025	715,114
2026	<u>(9,360)</u>
Total	<u>\$ 3,285,791</u>

Sensitivity for the District's Proportionate Share of the Net Pension Liability to Changes in 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 discount rate that is 1-percentage point lower (6.20 percent) or 1-percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit Pension Plan Liability/(Asset)	\$ 30,293,296	\$ 20,400,660	\$ 12,105,227

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Changes in Assumptions. A summary of key changes implemented since the December 31, 2017 valuation are noted below. Additional detail and list of changes can be found in the 2018 Experience Study for the System, which can be found at: https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

- Update the explicit assumptions regarding administrative expenses for Tier 1/Tier 2 and OPSRP.
- Update the assumed RHIPA cost subsidy trend rates.
- Adjust mortality assumptions to use the new "Pub-2010" base tables and a standard update to the mortality improvement scale, which is based on 60-year unisex average Social Security experience.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience; reduce percentage of future retirees assumed to elect a partial lump sum; increase percentage of members assumed to purchase credited service at retirement.
- Increase the merit component of the salary increase assumption for two member categories based on observation of the last eight years of experience.
- Update pre-retirement termination of employment assumptions for two member categories.
- Lower assumed rates of ordinary (non-duty) disability and general service duty disability to more closely match recent experience.
- Increase the Tier 1 unused vacation cash out assumption for most member categories, reflecting recent experience.
- Adjust the Tier 1/Tier 2 unused sick leave assumption for five member categories to more closely reflect recently observed experience.
- Decrease the healthy participation assumption for the RHIA retiree healthcare program, reflecting recent experience.
- Decrease the RHIPA participation assumption for most service bands, reflecting recent experience.
- Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL in the calculation of actuarially determined contribution rates for the 2021-2023 biennium. No additional changes are recommended for most actuarial methods, including the actuarial cost method, amortization method, and rate collar.
- When allocating accrued liability for Tier 1/Tier 2 active members who have earned service with multiple PERS employers, base 90% of the allocation on length of service with each employer (100% for police & fire members) and base the rest on the member account balance associated with each employer. The percentage allocation for general service has increased 5% since the prior experience study. This movement illustrates the continued migration of projected future Tier 1/Tier 2 retirement benefits away from the Money Match calculation, which is based on account balances, toward the ongoing Full Formula approach, which is based on final average salary.

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits. The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under the ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contribution 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. The accounts fall under Internal Revenue Code section 401(a).

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 10 - Pension and Retirement Plans (continued)

Defined Contribution Plan – Individual Account Program (IAP) (continued)

Upon retirement, a member of the OPSRP Individual Account Program (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.

Contributions. Starting July 1, 2020, Senate Bill 1049 required member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 a month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. OPERS estimates that approximately \$125 million in member contributions will be redirected in fiscal year 2020-21.

During 2021, the District, as an employee benefit, paid the employees portion of the contribution. Employer contributions for the year ended June 30, 2021 were \$834,477, of which \$688,464 was deposited into the individual members' accounts.

Note 11 - Restricted Net Position

The District classified restricted net position for the year ended June 30, 2021, as follows:

	<u>Restricted</u>
Debt service	\$ 418,994
Capital projects	349,439
Student body funds	497,070
Fire relief	117,549
Nonexpendable scholarships	<u>624,557</u>
Total restricted net position	<u>\$ 2,007,609</u>

Note 12 - Interfund Transactions

There were no interfund transfers during the year ended June 30, 2021.

Note 13 - Commitments

The District has construction obligations for construction of new classrooms and educational facilities and major renovations to Career Technical Education buildings, academic buildings and athletic facilities at Phoenix High School. The grand total of the original commitments is for \$52,479,298 with \$9,122,392 remaining on the contracts at June 30, 2021. The majority of these upgrades and renovations will be paid for with the 2018 G.O. Bonds.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

Note 14 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District, in the regular course of business, may be named as a defendant in various lawsuits. The likely outcome of these lawsuits, if any, is not presently determinable.

Note 15 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Jackson County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 16 - 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; injuries to employees and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past five fiscal years ending June 30, 2021.

Note 17 - Other Risks and Uncertainties

On March 13, 2020, the President of the United States declared a State of Emergency associated with the COVID-19 global pandemic. The impact of the State of Emergency and full ramifications to the economy and the District is not determinable at this time.

Note 18 - Tax Abatements

At June 30, 2021, Jackson County provides tax abatements through various State of Oregon programs. For the fiscal year ended June 30, 2021, Phoenix Talent School District's abated property taxes totaled \$0 under these programs.

Note 19 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2021 through December 7, 2021, the date that the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND DISTRICT SCHEDULE OF CONTRIBUTIONS (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Jackson County School District No. 4 Proportionate Share of Net Pension Asset / (Liability) at the measurement date

	2021	2020	2019	2018	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.09348050%	0.10768172%	0.11154387%	0.11036155%	0.10533443%	0.1159930%	0.1303724%	0.1303724%
District's proportion of the net pension asset/(liability)	\$ (20,400,660)	\$ (18,626,359)	\$ (16,897,427)	\$ (14,876,779)	\$ (15,813,144)	\$ (6,659,694)	\$ 2,955,170	\$ (6,653,095)
District's covered-employee payroll	\$ 13,416,779	\$ 12,244,945	\$ 11,706,777	\$ 11,760,743	\$ 11,400,100	\$ 10,917,979	\$ 10,954,483	\$ 11,043,818
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	152.05%	152.11%	144.34%	126.50%	138.71%	61.00%	-26.98%	60.24%
Plan fiduciary net position as a percentage of the total pension liability	75.79%	80.23%	81.81%	83.12%	80.53%	91.88%	103.59%	91.97%

Jackson County School District No. 4 Contributions

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,112,134	\$ 1,928,344	\$ 1,344,797	\$ 1,240,309	\$ 903,286	\$ 849,199	\$ 981,878	\$ 1,311,290
Contribution in relation to the contractually required	(2,112,134)	(1,928,344)	(1,344,797)	(1,240,309)	(903,286)	(849,199)	(981,878)	(1,311,290)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 14,249,024	\$ 13,416,779	\$ 12,244,945	\$ 11,706,777	\$ 11,760,743	\$ 11,400,100	\$ 10,917,979	\$ 10,954,483
Contributions as a percentage of covered-employee payroll	14.82%	14.37%	10.98%	10.59%	7.68%	7.45%	8.99%	11.97%

Notes to Schedule

A summary of assumption changes implemented since the December 31, 2018 valuation are outlined briefly in *Note 10* in Notes to the Basic Financial Statements. A comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the system, which was published in July 2019, and can be found at:

https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

Other Information

This schedule is presented to illustrate required supplementary information for a 10-year period. The District adopted GASB 68 during fiscal 2014, as a result, only eight years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGES IN DISTRICT TOTAL PENSION LIABILITY
AND RELATED RATIOS (STIPEND)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total Pension Liability:	2021	2020	2019	2018	2017
Service cost	\$ 63,852	\$ 47,137	\$ 63,794	\$ 62,238	\$ 62,238
Interest	47,515	78,824	65,705	69,548	74,964
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	125,949	-	220,347	-	-
Changes of assumptions of other inputs	(76,973)	138,300	(133,630)	-	-
Benefit payments	<u>(263,402)</u>	<u>(278,960)</u>	<u>(296,552)</u>	<u>(288,555)</u>	<u>(346,907)</u>
Net change in total pension liability	(103,059)	(14,699)	(80,336)	(156,769)	(209,705)
Total pension liability (stipend) - beginning	<u>2,179,623</u>	<u>2,194,322</u>	<u>2,274,658</u>	<u>2,431,427</u>	<u>2,641,132</u>
Total pension liability (stipend) - ending	<u><u>\$ 2,076,564</u></u>	<u><u>\$ 2,179,623</u></u>	<u><u>\$ 2,194,322</u></u>	<u><u>\$ 2,274,658</u></u>	<u><u>\$ 2,431,427</u></u>
Estimated covered - employee payroll	\$ 1,815,724	\$ 2,286,603	\$ 2,231,096	\$ 3,515,751	\$ 3,413,350
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	114.37%	95.32%	98.35%	64.70%	71.23%

Notes to Schedule

A summary of assumption changes implemented since the July 1, 2018 valuation are outlined briefly in *Note 10* in Notes to the Basic Financial Statements.

Other Information

This schedule is presented to illustrate required supplementary information for a 10-year period. The District adopted GASB 73 during fiscal 2017, as a result, only five years of information is available.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY)
AND DISTRICT SCHEDULE OF CONTRIBUTIONS (RHIA)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Jackson County School District No. 4 Proportionate Share of Net OPEB Asset/(Liability) at the measurement date

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District proportion of the net OPEB asset/(liability)	0.20491716%	0.11225690%	0.11478135%	0.11475678%
District proportion of the net OPEB asset/(liability)	\$ 417,540	\$ 216,921	\$ 128,127	\$ 47,893
District's covered-employee payroll	\$ 13,416,779	\$ 12,244,945	\$ 11,706,777	\$ 11,760,743
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	-3.11%	-1.77%	-1.09%	-0.41%
Plan fiduciary net position as a percentage of the total OPEB liability	150.10%	144.37%	123.99%	108.88%

Jackson County School District No. 4 Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 2,764	\$ 14,364	\$ 55,637	\$ 55,577
Contribution in relation to the contractually required	<u>(2,764)</u>	<u>(14,364)</u>	<u>(55,637)</u>	<u>(55,577)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 14,249,024	\$ 13,416,779	\$ 12,244,945	\$ 11,706,777
Contributions as a percentage of covered-employee payroll	0.02%	0.11%	0.45%	0.47%

Notes to Schedule

A summary of assumption changes implemented since the December 31, 2018 valuation are outlined briefly in *Note 9* in Notes to the Basic Financial Statements.

Other Information

This schedule is presented to illustrate required supplementary information for a 10-year period. The District adopted GASB 75 during fiscal 2017, as a result, only four years of information is available.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS (MEDICAL SUBSIDY)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total OPEB Liability:	2021	2020	2019	2018	2017
Service cost	\$ 132,018	\$ 99,685	\$ 131,087	\$ 127,890	\$ 127,890
Interest	55,131	102,569	86,970	83,543	82,714
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	35,206	-	(24,725)	-	-
Changes of assumptions of other inputs	(213,867)	217,466	(754,325)	-	-
Benefit payments	(163,467)	(158,796)	(135,746)	(192,923)	(173,042)
Net change in total OPEB liability	(154,979)	260,924	(696,739)	18,510	37,562
Total OPEB liability - beginning	2,399,974	2,139,050	2,835,789	2,817,279	2,779,717
Total OPEB liability - ending	<u>\$ 2,244,995</u>	<u>\$ 2,399,974</u>	<u>\$ 2,139,050</u>	<u>\$ 2,835,789</u>	<u>\$ 2,817,279</u>
Estimated covered - employee payroll	\$ 13,434,331	\$ 12,716,127	\$ 12,286,113	\$ 11,997,416	\$ 11,647,977
Total OPEB liability as a percentage of estimated covered - employee payroll	16.71%	18.87%	17.41%	23.64%	24.19%

Notes to Schedule

A summary of assumption changes implemented since the July 1, 2018 valuation are outlined briefly in *Note 9* in Notes to the Basic Financial Statements.

Other Information

This schedule is presented to illustrate required supplementary information for a 10-year period. The District adopted GASB 75 during fiscal 2017, as a result, only five years of information is available.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 9,430,000	\$ 9,430,000	\$ 10,254,932	\$ 824,932
Charges for services	120,000	120,000	104,359	(15,641)
Interest on investments	85,000	85,000	105,330	20,330
Miscellaneous	70,000	70,000	104,283	34,283
Intermediate sources:				
Intergovernmental	50,000	50,000	514,096	464,096
State sources:				
Basic school support	18,685,000	18,685,000	19,445,496	760,496
Intergovernmental	250,000	250,000	266,129	16,129
Federal sources:				
Intergovernmental	997,000	997,000	980,594	(16,406)
TOTAL REVENUES	29,687,000	29,687,000	31,775,219	2,088,219
EXPENDITURES				
Current:				
Instruction	17,131,981	17,131,981	16,092,638	1,039,343
Support services	12,074,019	12,074,019	11,021,406	1,052,613
Facilities acquisition and construction	1,000	1,000	-	1,000
Debt service	1,590,000	1,590,000	1,585,058	4,942
Operating contingency	800,000	800,000	-	800,000
TOTAL EXPENDITURES	31,597,000	31,597,000	28,699,102	2,897,898
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,910,000)	(1,910,000)	3,076,117	4,986,117
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	82,637	82,637
Transfers out	(200,000)	(200,000)	-	200,000
Transits	(170,000)	(170,000)	-	170,000
TOTAL OTHER FINANCING SOURCES (USES)	(370,000)	(370,000)	82,637	452,637
NET CHANGE IN FUND BALANCE	(2,280,000)	(2,280,000)	3,158,754	5,438,754
FUND BALANCE, July 1, 2020	5,450,000	5,450,000	6,004,627	554,627
FUND BALANCE, June 30, 2021	\$ 3,170,000	\$ 3,170,000	\$ 9,163,381	\$ 5,993,381

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND
Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Construction excise taxes	\$ 170,000	\$ 170,000	\$ 150,691	\$ (19,309)
Charges for services	725,800	725,800	379,732	(346,068)
Donations	73,100	2,073,100	2,510,290	437,190
Interest on investments	22,200	22,200	8,811	(13,389)
Miscellaneous	73,000	73,000	222,365	149,365
Intermediate sources:				
Miscellaneous	158,500	158,500	37,238	(121,262)
State sources:				
Basic school support	12,000	12,000	11,487	(513)
Intergovernmental	2,817,500	2,817,500	1,430,902	(1,386,598)
Federal sources:				
Intergovernmental	3,642,900	3,642,900	3,555,377	(87,523)
TOTAL REVENUES	7,695,000	9,695,000	8,306,893	(1,388,107)
EXPENDITURES				
Current:				
Instruction	4,020,416	3,720,416	2,992,545	727,871
Support services	2,412,540	2,412,540	1,546,229	866,311
Enterprise and community services	1,503,900	3,503,900	3,423,016	80,884
Facilities acquisition and construction	576,144	876,144	593,563	282,581
TOTAL EXPENDITURES	8,513,000	10,513,000	8,555,353	1,957,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(818,000)	(818,000)	(248,460)	569,540
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	200,000	-	(200,000)
TOTAL OTHER FINANCING SOURCES (USES)	200,000	200,000	-	(200,000)
NET CHANGE IN FUND BALANCE	(618,000)	(618,000)	(248,460)	369,540
FUND BALANCE, July 1, 2020	1,788,000	1,788,000	2,015,276	227,276
FUND BALANCE, June 30, 2021	\$ 1,170,000	\$ 1,170,000	\$ 1,766,816	\$ 596,816

OTHER SUPPLEMENTARY INFORMATION

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 3,438,000	\$ 3,438,000	\$ 3,457,579	\$ 19,579
Interest on investments	27,000	27,000	10,333	(16,667)
TOTAL REVENUES	<u>3,465,000</u>	<u>3,465,000</u>	<u>3,467,912</u>	<u>2,912</u>
EXPENDITURES				
Debt service	<u>3,330,000</u>	<u>3,330,000</u>	<u>3,326,451</u>	<u>3,549</u>
TOTAL EXPENDITURES	<u>3,330,000</u>	<u>3,330,000</u>	<u>3,326,451</u>	<u>3,549</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>135,000</u>	<u>135,000</u>	<u>141,461</u>	<u>6,461</u>
NET CHANGE IN FUND BALANCE	135,000	135,000	141,461	6,461
FUND BALANCE, July 1, 2020	<u>135,000</u>	<u>135,000</u>	<u>206,435</u>	<u>71,435</u>
FUND BALANCE, June 30, 2021	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ 347,896</u>	<u>\$ 77,896</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Donations	\$ -	\$ -	\$ 437,520	\$ 437,520
Interest on investments	100,000	100,000	165,834	65,834
State sources:				
Intergovernmental	3,800,000	3,800,000	3,814,754	(14,754)
TOTAL REVENUES	3,900,000	3,900,000	4,418,108	488,600
EXPENDITURES				
Facilities acquisition and construction	35,500,000	35,500,000	19,898,746	15,601,254
TOTAL EXPENDITURES	35,500,000	35,500,000	19,898,746	15,601,254
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,600,000)	(31,600,000)	(15,480,638)	16,089,854
OTHER FINANCING SOURCES (USES):				
Insurance proceeds	-	-	27,788	27,788
TOTAL OTHER FINANCING SOURCES (USES)	-	-	27,788	27,788
NET CHANGE IN FUND BALANCE	(31,600,000)	(31,600,000)	(15,452,850)	16,117,642
FUND BALANCE, July 1, 2020	31,600,000	31,600,000	29,322,084	(2,277,916)
FUND BALANCE, June 30, 2021	\$ -	\$ -	\$ 13,869,234	\$ 13,839,726

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2020-21 DISTRICT AUDIT REVENUE SUMMARY
Year Ended June 30, 2021

Revenue from Local Sources		Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110	Ad Valorem Taxes Levied by District	\$ 10,245,516	\$ -	\$ 3,454,629	\$ -	\$ -	\$ -	\$ -
1120	Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1130	Construction Excise Tax	-	150,691	-	-	-	-	-
1190	Penalties and Interest on Taxes	9,416	-	2,950	-	-	-	-
1200	Revenue from Local Governmental Units Other Than Districts	-	-	-	-	-	-	-
1310	Regular Day School Tuition	-	-	-	-	-	-	-
1320	Adult/Continuing Education Tuition	-	-	-	-	-	-	-
1330	Summer School Tuition	-	-	-	-	-	-	-
1411	Transportation Fees - From Individuals	-	-	-	-	-	-	-
1412	Transportation Fees - Other Dist Within State	-	-	-	-	-	-	-
1413	Transportation Fees - Other Districts Outside	-	-	-	-	-	-	-
1420	Summer School Transportation Fees	-	-	-	-	-	-	-
1500	Earnings on Investments	105,330	8,811	10,333	165,834	-	-	-
1600	Food Service	-	1,137	-	-	-	-	-
1700	Extracurricular Activities	2,812	378,595	-	-	-	-	-
1800	Community Services Activities	-	-	-	-	-	-	-
1910	Rentals	1,475	-	-	-	-	-	-
1920	Contributions and Donations From Private Sources	-	2,510,290	-	437,520	-	-	-
1930	Rental or Lease Payments From Private Contractors	48,000	-	-	-	-	-	-
1940	Services Provided Other Local Education Agencies	-	-	-	-	-	-	-
1950	Textbook Sales and Rentals	-	-	-	-	-	-	-
1960	Recovery of Prior Years' Expenditure	12,914	4,900	-	-	-	-	-
1970	Services Provided Other Funds	-	-	-	-	-	-	-
1980	Fees Charged to Grants	52,072	-	-	-	-	-	-
1990	Miscellaneous	91,369	217,465	-	-	-	-	-
Total Revenue from Local Sources		\$ 10,568,904	\$ 3,271,889	\$ 3,467,912	\$ 603,354	\$ -	\$ -	\$ -
Revenue from Intermediate Sources		Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101	County School Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2102	General ESD Revenue	514,096	-	-	-	-	-	-
2103	Excess ESD Local Revenue	-	-	-	-	-	-	-
2105	Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-
2199	Other Intermediate Sources	-	4,199	-	-	-	-	-
2200	Restricted Revenue	-	-	-	-	-	-	-
2800	Revenue in Lieu of Taxes	-	-	-	-	-	-	-
2900	Revenue for/on Behalf of the District	-	33,039	-	-	-	-	-
Total Revenue from Intermediate Sources		\$ 514,096	\$ 37,238	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from State Sources		Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101	State School Fund - General Support	\$ 19,445,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3102	State School Fund - School Lunch Match	-	11,487	-	-	-	-	-
3103	Common School Fund	258,360	-	-	-	-	-	-
3104	State Managed County Timber	-	-	-	-	-	-	-
3106	State School Fund - Accrual	-	-	-	-	-	-	-
3199	Other Unrestricted Grants-in-Aid	-	-	-	-	-	-	-
3204	Driver Education	-	-	-	-	-	-	-
3222	State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-
3299	Other Restricted Grants-in-Aid	7,769	1,430,902	-	3,814,754	-	-	-
3800	Revenue in Lieu of Taxes	-	-	-	-	-	-	-
3900	Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from State Sources		\$ 19,711,625	\$ 1,442,389	\$ -	\$ 3,814,754	\$ -	\$ -	\$ -
Revenue from Federal Sources		Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100	Unrestricted Revenue Direct From the Federal Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4200	State	-	-	-	-	-	-	-
4201	Transportation Fees for Foster Children	-	-	-	-	-	-	-
4300	Restricted Revenue From the Federal Government	113,738	58,700	-	-	-	-	-
4500	State	841,386	3,288,812	-	-	-	-	-
4700	Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	-	139,704	-	-	-	-	-
4801	Federal Forest Fees	25,470	-	-	-	-	-	-
4802	Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-
4803	Coos Bay Wagon Road Funds	-	-	-	-	-	-	-
4899	Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-
4900	Revenue for/on Behalf of the District	-	68,161	-	-	-	-	-
Total Revenue from Federal Sources		\$ 980,594	\$ 3,555,377	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from Other Sources		Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100	Long Term Debt Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200	Interfund Transfers	-	-	-	-	-	-	-
5300	Sale of or Compensation for Loss of Fixed Assets	82,637	-	-	27,788	-	-	-
5400	Resources - Beginning Fund Balance	6,004,627	2,015,276	206,435	29,322,084	-	-	-
Total Revenue from Other Sources		\$ 6,087,264	\$ 2,015,276	\$ 206,435	\$ 29,349,872	\$ -	\$ -	\$ -
Grand Total		\$ 37,862,483	\$ 10,322,169	\$ 3,674,347	\$ 33,767,980	\$ -	\$ -	\$ -

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2021

Fund: 100 General Fund

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$ 4,326,294	\$ 2,649,813	\$ 1,428,918	\$ 125,357	\$ 120,738	\$ -	\$ 1,468	\$ -
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	2,717,505	1,526,737	823,022	136,945	230,321	-	480	-
1122	Middle/Junior High School Extracurricular	72,021	37,346	10,930	-	1,124	22,526	95	-
1131	High School Programs	3,112,184	1,802,896	990,150	82,579	236,018	-	541	-
1132	High School Extracurricular	437,340	263,245	62,930	12,491	55,685	12,034	30,955	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	2,645	-	-	-	-	-	2,645	-
1220	Restrictive Programs for Students with Disabilities	1,345,245	730,452	474,620	56,093	13,080	71,000	-	-
1250	Less Restrictive Programs for Students with Disabilities	1,358,161	759,713	548,073	40,905	9,470	-	-	-
1260	Treatment and Habilitation	41,436	-	-	41,436	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	817,831	27,409	9,471	748,145	32,806	-	-	-
1291	English Second Language Programs	1,861,565	1,187,464	645,726	22,789	5,586	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	135	106	29	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	276	218	58	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		\$ 16,092,638	\$ 8,985,399	\$ 4,993,927	\$ 1,266,740	\$ 704,828	\$ 105,560	\$ 36,184	\$ -

Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$ 176,320	\$ 104,502	\$ 65,371	\$ 4,726	\$ 1,421	\$ -	\$ 300	\$ -
2120	Guidance Services	358,372	207,105	140,018	8,000	3,249	-	-	-
2130	Health Services	108,703	-	-	103,261	5,442	-	-	-
2140	Psychological Services	93,915	58,262	33,580	195	1,878	-	-	-
2150	Speech Pathology and Audiology Services	369,179	243,138	123,105	325	2,344	-	267	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	186,644	114,499	64,049	1,242	6,259	-	595	-
2210	Improvement of Instruction Services	153,333	85,290	40,632	1,814	25,597	-	-	-
2220	Educational Media Services	282,799	130,029	123,589	365	28,816	-	-	-
2230	Assessment & Testing	64	50	14	-	-	-	-	-
2240	Instructional Staff Development	86,518	55,152	26,189	5,177	-	-	-	-
2310	Board of Education Services	86,844	30,492	19,910	20,728	7,866	-	7,848	-
2320	Executive Administration Services	353,667	203,038	97,564	33,782	17,158	-	2,125	-
2410	Office of the Principal Services	2,265,864	1,353,135	797,982	63,570	42,652	-	8,525	-
2490	Other Support Services - School Administration	43,959	20,712	7,463	945	13,744	-	1,095	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	821,106	273,369	206,919	59,551	14,865	-	266,402	-
2540	Operation and Maintenance of Plant Services	2,772,933	958,779	638,449	819,664	290,028	65,094	919	-
2550	Student Transportation Services	1,428,923	-	-	1,428,923	-	-	-	-
2570	Internal Services	2,986	-	-	2,986	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630	Information Services	42,770	29,649	7,932	2,885	2,304	-	-	-
2640	Staff Services	297,245	151,892	88,371	25,023	30,619	-	1,340	-
2660	Technology Services	529,596	203,431	128,840	46,458	150,866	-	1	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	150,483	82,410	66,873	1,200	-	-	-	-
2690	Other Support Services - Central	1,235	-	1,235	-	-	-	-	-
2700	Supplemental Retirement Program	407,948	305,827	102,121	-	-	-	-	-
Total Support Services Expenditures		\$ 11,021,406	\$ 4,610,761	\$ 2,780,206	\$ 2,630,820	\$ 645,108	\$ 65,094	\$ 289,417	\$ -

Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$ 1,585,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,585,058	\$ -
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		\$ 1,585,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,585,058	\$ -

Grand Total **\$ 28,699,102** **\$ 13,596,160** **\$ 7,774,133** **\$ 3,897,560** **\$ 1,349,936** **\$ 170,654** **\$ 1,910,659** **\$ -**

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2021

Fund: 200 Special Revenue Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$ 421,097	\$ 113,829	\$ 66,452	\$ 16,702	\$ 224,114	\$ -	\$ -	\$ -
1113	Elementary Extracurricular	23,569	-	-	-	23,569	-	-	-
1121	Middle/Junior High Programs	114,884	38,841	21,985	2,202	51,856	-	-	-
1122	Middle/Junior High School Extracurricular	23,567	-	-	-	23,567	-	-	-
1131	High School Programs	364,217	147,611	70,828	625	143,553	-	1,600	-
1132	High School Extracurricular	300,137	-	-	-	300,137	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	16,482	5,978	5,892	-	4,612	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	363,800	220,307	132,763	687	10,043	-	-	-
1260	Treatment and Habilitation	6,588	-	-	6,588	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	805,632	407,523	266,109	523	131,477	-	-	-
1280	Alternative Education	298,898	-	-	61,074	237,824	-	-	-
1291	English Second Language Programs	2,975	-	-	-	2,975	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	139,703	38,890	10,915	76,054	13,844	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	7,500	-	-	7,500	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	103,496	11,177	3,086	10,250	78,983	-	-	-
Total Instruction Expenditures		\$ 2,992,545	\$ 984,156	\$ 578,030	\$ 182,205	\$ 1,246,554	\$ -	\$ 1,600	\$ -
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$ 98,082	\$ 66,405	\$ 19,645	\$ 11,972	\$ 60	\$ -	\$ -	\$ -
2120	Guidance Services	412,002	235,867	151,740	21,736	2,659	-	-	-
2130	Health Services	396,126	-	-	396,126	-	-	-	-
2140	Psychological Services	1,334	125	34	150	1,025	-	-	-
2150	Speech Pathology and Audiology Services	103,005	-	-	103,005	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	23,703	14,270	9,433	-	-	-	-	-
2210	Improvement of Instruction Services	58,283	33,755	15,867	-	-	8,661	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	151,756	62,586	26,565	60,420	2,185	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	4,099	-	-	1,000	3,099	-	-	-
2490	Other Support Services - School Administration	167,774	84,407	45,773	12,334	25,260	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	52,072	-	-	-	-	-	52,072	-
2540	Operation and Maintenance of Plant Services	63,270	-	-	21,627	3,691	37,952	-	-
2550	Student Transportation Services	14,625	-	-	14,625	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	98	81	17	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		\$ 1,546,229	\$ 497,496	\$ 269,074	\$ 642,995	\$ 37,979	\$ 46,613	\$ 52,072	\$ -
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$ 1,194,174	\$ 4,828	\$ 3,742	\$ 728,103	\$ 1,556	\$ 449,576	\$ 6,369	\$ -
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	2,228,842	-	-	21,114	2,207,728	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		\$ 3,423,016	\$ 4,828	\$ 3,742	\$ 749,217	\$ 2,209,284	\$ 449,576	\$ 6,369	\$ -
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120	Site Acquisition and Development Services	10,610	-	-	-	-	10,610	-	-
4150	Building Acquisition, Construction, and Improvement Services	582,953	-	-	7,764	-	575,189	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		\$ 593,563	\$ -	\$ -	\$ 7,764	\$ -	\$ 585,799	\$ -	\$ -
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 8,555,353	\$ 1,486,480	\$ 850,846	\$ 1,582,181	\$ 3,493,817	\$ 1,081,988	\$ 60,041	\$ -

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2021

Fund: 300 Debt Service Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$ 3,326,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,326,451	\$ -
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		\$ 3,326,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,326,451	\$ -

Grand Total \$ 3,326,451 \$ - \$ - \$ - \$ - \$ - \$ - \$ 3,326,451 \$ -

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2021

Fund: 400 Capital Projects Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Elementary, K-5 or K-6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1291	English Second Language Programs	-	-	-	-	-	-	-	-
1292	Teen Parent Program	-	-	-	-	-	-	-	-
1293	Migrant Education	-	-	-	-	-	-	-	-
1294	Youth Corrections Education	-	-	-	-	-	-	-	-
1299	Other Programs	-	-	-	-	-	-	-	-
1300	Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400	Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	-	-	-	-	-	-	-	-
2660	Technology Services	-	-	-	-	-	-	-	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120	Site Acquisition and Development Services	799,690	-	-	21,440	-	778,249	-	-
4150	Building Acquisition, Construction, and Improvement Services	19,099,057	25,814	6,106	1,231,339	1,115,605	16,571,840	148,352	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures		\$ 19,898,746	\$ 25,814	\$ 6,106	\$ 1,252,779	\$ 1,115,605	\$ 17,350,089	\$ 148,352	\$ -
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 19,898,746	\$ 25,814	\$ 6,106	\$ 1,252,779	\$ 1,115,605	\$ 17,350,089	\$ 148,352	\$ -

SUPPLEMENTAL INFORMATION

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included. Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$505,386
Function 2550	\$

B. Replacement of Equipment – General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

\$0

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

**Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.*

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Education
Jackson County School District No. 4
Phoenix-Talent, Oregon

We have audited the basic financial statements of the Jackson County School District No. 4, (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 7, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under 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, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration 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 the District'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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Restriction on Use

This report is intended solely for the information and use of the District's Board of Education, management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in dark ink, appearing to read "Donald Ewalt", with a stylized, cursive script.

Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2021

Items required by the Uniform Guidance

**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**

To the Board of Education
Jackson County School District No. 4
Phoenix-Talent, Oregon

We have audited, 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* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Jackson County School District No. 4 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.



Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2021

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

To the Board of Education
Jackson County School District No. 4
Phoenix-Talent, Oregon

Report on Compliance for Each Major Federal Program

We have audited Jackson County School District No. 4's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Donald F. Ewalt, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2021

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
National School Lunch Program - Commodities	10.555	N/A	\$ 68,161
Summer Food Service Program for Children	10.559	N/A	947,655
Total Child Nutrition Cluster			<u>1,015,816</u>
Fresh Fruit and Vegetable Program	10.582	54829, 61236	17,893
Total AL 10.582			<u>17,893</u>
Passed through Southern Oregon Education Service District:			
School and Roads - Grants to Counties	10.665	N/A	25,470
Total Forest Service Schools and Roads Cluster			<u>25,470</u>
Total U.S. Department of Agriculture			\$ 1,059,179
U.S. Department of Education			
Passed through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (19-20)	84.010	53342	\$ 174,691
Title I Grants to Local Educational Agencies (20-21)	84.010	58338	848,701
Title I Grants to Local Educational Agencies School Improvement Grant (19-20)	84.010	54312	86,216
Title I Grants to Local Educational Agencies School Improvement Grant Supplement (19-20)	84.010	65139	125,141
Title I Grants to Local Educational Agencies School Improvement Grant (20-21)	84.010	60416	117,280
Total AL 84.010			<u>1,352,029</u>
Passed through Southern Oregon Education Service District:			
Migrant Education - State Grant Program	84.011	N/A	139,704
Total AL 84.011			<u>139,704</u>
Passed through Oregon Department of Education:			
Special Education - Grants to States (Extended Assessment)	84.027	54728	549
Special Education - Grants to States (18-19)	84.027	49937	14,605
Special Education - Grants to States (19-20)	84.027	53811	469,474
Special Education - Grants to States Additional Flow Through	84.027	56724	366
Special Education - Preschool Grants (18-19)	84.173	50166	6,588
Total Special Education Cluster (IDEA)			<u>491,582</u>
Direct Programs:			
School Safety National Activities	84.184	N/A	58,700
Total AL 84.184			<u>58,700</u>
Passed through Oregon Department of Education:			
Grants to States (State Personnel Development)	84.323	47592	15,261
Total AL 84.323			<u>15,261</u>
English Language Acquisition State Grants (19-20)	84.365	53452	19,787
English Language Acquisition State Grants (20-21)	84.365	58500	21,267
Total AL 84.365			<u>41,054</u>
Supporting Effective Instruction State Grant (18-19)	84.367	49381	14,143
Supporting Effective Instruction State Grant (19-20)	84.367	53604	152,897
Supporting Effective Instruction State Grant (20-21)	84.367	58830	49,520
Total AL 84.367			<u>216,560</u>
Student Support and Academic Enrichment Program (18-19)	84.424	50797	9,295
Student Support and Academic Enrichment Program (19-20)	84.424	54594	7,413
Student Support and Academic Enrichment Program (20-21)	84.424	58643	10,946
Total AL 84.424			<u>27,654</u>
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	57885	841,386
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund II	84.425D	64656	27,500
COVID-19 Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	61013	151,624
Total AL 84.425			<u>1,020,510</u>
Total U.S. Department of Education			\$ 3,363,054
Department of Homeland Security			
Direct Programs:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 7,500
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	106,238
Total AL 97.036			<u>113,738</u>
Total Department of Homeland Security			\$ 113,738
Total Expenditures of Federal Awards			\$ 4,535,971

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE:

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

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2021, the District received food commodities totaling \$68,161.

NOTE E – SUBRECIPIENTS:

There were no awards passed through to subrecipients.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

The District includes Schools and Roads – Grants to States in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to treatment based on guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on whether the basic financial statements of Jackson County School District No. 4 were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses in internal controls were disclosed by the audit or the basic financial statements of the District.
3. No instances of noncompliance material to the basic financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

Federal Awards

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance for the major federal award program for the District expressed an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance reported in this schedule.
7. The program tested as a major program:

U.S. Department of Education:

Education Stabilization Fund

AL #84.425

8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. The District qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None