

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

YEAR ENDED JUNE 30, 2019

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, 2019

BOARD OF EDUCATION AS OF JUNE 30, 2019

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Dawn Watson	Vice-Chair
Craig Prewitt	Director
Sara Crawford	Director
Lori Ghavam	Director
Shana Vos	Director
Rick Nagel	Director

ADMINISTRATIVE OFFICE:

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

Brent Barry	Superintendent-Clerk
Cally McKenzie	Assistant Superintendent of Human and Business Resources
Yazmin Karabinas	Director of Accounting

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon
June 30, 2019

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Phoenix, Oregon
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
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, Oregon, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, Oregon, as of June 30, 2019, 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 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 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 9, 2019, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 9, 2019, 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.

Stewart C. Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 9, 2019

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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, 2019. We encourage readers to consider the information presented here.

Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at June 30, 2019 by \$2.53 million (net position).
- The District's total net position increased by \$2.89 million. In the prior year, the District's total net position had decreased by \$1.85 million.
- The District's net investment in capital assets increased by \$2.73 million. The District has a net position restricted for scholarships and debt service of \$955 thousand.
- The District's total expenditures increased from the prior year, \$31.60 million to \$34.23 million. The \$2.63 million expenditure increase, is due primarily to a \$1.32 million increase in long term debt and fees. In addition, District revenues increased from the prior year, \$33.45 to \$37.13 million. The increase in revenues is due primarily to an increase in property taxes of \$1.55 million and an increase of earnings on investments of \$1.73 million.
- The District's other assets decreased by \$7.9 million due to spending of bond proceeds restricted for capital assets.
- The District's capital assets increased by \$9.56 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 \$2.0 million during the 2018-19 fiscal year due to an increase in OPEB and pension liabilities of \$1.24 million, a decrease in long-term liabilities of \$3.3 million, and an increase in current liabilities of \$2.57 million of which \$1.56 million is due to an increase of accrued interest.
- The District's governmental funds report combined ending fund balance of \$70.32 million, a decrease of \$6.5 million in comparison with the prior year. Approximately 7.7 percent of this total amount, \$5.41 million, is available for spending at the District's discretion.
- At the end of the fiscal year, fund balance for the General Fund increased by \$1.56 million, a decrease of \$660 thousand from prior year's increase of \$2.22 million. This includes a State School Fund support decrease from 2017-18 of \$399 thousand. Total fund balance in the General Fund represented about 21.64 percent of total General Fund expenditures, up from 16.44 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 (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.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Overview of the Financial Statements (continued)

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.

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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Overview of the Financial Statements (continued)

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 40 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 41 to 46 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2.53 million at June 30, 2019. At June 30, 2018, District liabilities and deferred inflows of resources were greater than assets and deferred outflows of resources by \$5.43 million.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 26.8 percent of total assets and deferred outflows. The remaining assets consist mainly of cash and investments and represent 64.9 percent of total assets and deferred outflows. At June 30, 2018, capital assets represented approximately 18.9 percent of total assets and deferred outflows.

The District's largest liability (71.9 percent of total liabilities and deferred inflows) is for the repayment of long-term debt and obligations including general obligation and limited tax pension bonds. Pension and OPEB liabilities represent 19.1 percent of the District's total liabilities and deferred inflows. Current liabilities, representing about 6.8 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 pension and OPEB liabilities was also the District's largest liability (94.4 percent) while current liabilities represented about 4.6 percent of total liabilities and deferred inflows.

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment) 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Government-wide Financial Analysis (continued)

Statement of Net Position (continued)

	Governmental Activities		Increase
	(in thousands)		(Decrease)
	June 30, 2019	June 30, 2018	From June 30, 2018
Assets:			
Current assets	\$ 10,591	\$ 8,549	\$ 2,042
Other assets	62,593	70,480	(7,887)
Capital assets	29,242	19,685	9,557
Total assets	<u>102,426</u>	<u>98,714</u>	<u>3,712</u>
Deferred outflows	<u>6,440</u>	<u>5,252</u>	<u>1,188</u>
Liabilities:			
Current liabilities	7,574	5,005	2,569
Other liabilities	21,231	19,987	1,244
Long-term liabilities	80,103	83,392	(3,289)
Total liabilities	<u>108,908</u>	<u>108,384</u>	<u>524</u>
Deferred inflows	<u>2,491</u>	<u>1,007</u>	<u>1,484</u>
Net position:			
Net investment in capital assets	19,686	16,960	2,726
Restricted	955	960	(5)
Unrestricted	(23,174)	(23,346)	172
Total net position	<u>\$ (2,533)</u>	<u>\$ (5,425)</u>	<u>\$ 2,892</u>

- During the current fiscal year, the District's net position increased by \$2.89 million.

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 \$2.89 million. The key elements of the change in the District's net position for the year ended June 30, 2019 are as follows:

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Government-wide Financial Analysis (continued)

Governmental activities (continued)

	Governmental Activities		Increase
	(in thousands)		(Decrease)
	June 30, 2019	June 30, 2018	From
	June 30, 2019	June 30, 2018	June 30, 2018
Revenues:			
Program revenues:			
Charges for services	\$ 830	\$ 1,051	\$ (221)
Operating grants and contributions	3,639	2,948	691
Capital Grants and Contributions	400	-	400
General revenues:			
Property taxes	11,834	10,284	1,550
Construction excise tax	143	274	(131)
State school fund - general support	17,716	18,115	(399)
Common school fund	260	252	8
Federal forest fees	28	34	(6)
Earnings on investments	2,094	364	1,730
Other	183	126	57
Total revenues	<u>37,127</u>	<u>33,448</u>	<u>3,679</u>
Expenses:			
Instruction	17,018	16,442	576
Support services	11,544	10,920	624
Enterprise and community services	1,407	1,399	8
Facilities acquisition and construction	39	4	35
Unallocated depreciation	989	916	73
Fees and interest on long-term debt	3,237	1,919	1,318
Total expenses	<u>34,234</u>	<u>31,600</u>	<u>2,634</u>
Change in net position	<u>\$ 2,893</u>	<u>\$ 1,848</u>	<u>\$ 1,045</u>

- Program revenues increased by \$869 thousand in 2018-19.
- General revenues increased by \$2.81 million in 2018-19 due to an increase in property taxes of \$1.55 million, an increase in earnings on investments of 1.73 million, and a decrease of \$399 thousand in State School Fund revenue.
- Instruction and support services expenses increased by \$1.2 million, and interest expense increased by \$1.32 million.

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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, 2019, the District's governmental funds reported combined ending fund balances of \$70.32 million, a decrease of \$6.5 million in comparison with the prior year. About \$5.41 million (7.7 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, 2019, the fund balance was \$5.67 million, up from \$4.12 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 21.64 percent of total General Fund expenditures. The fund balance increased by \$1.55 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, 2019, the District has a total fund balance of \$1.95 million. In the prior year the total fund balance was \$2.07 million.

The Debt Service Fund has a total fund balance of \$196 thousand, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was \$35 thousand.

The Capital Projects Fund has a total fund balance of \$62.5 million which is restricted for the purpose of upgrading the District's schools and athletic facilities.

General Fund Budgetary Highlights

Original budget compared to final budget. During 2018-19 a supplemental budget was adopted to appropriate additional General Fund resources received. There was one budget appropriation transfer within the General Fund to reallocate funds from Instruction to Facilities Acquisition and Construction to purchase a property with the purpose of housing a District Transition Program for special education students.

Final budget to actual results

The most significant difference between estimated and actual General Fund revenue was the revenue received from state sources. Total estimated revenues were \$26.10 million and total actual revenues were \$27.59 million with a difference of \$1.49 million.

General Fund expenditures were lower than projected. There was a decrease on special education and other purchased services expenditures. Also, a few high school positions were partially funded by a State grant.

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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, 2019, the District had invested \$29.24 million in capital assets, net of depreciation, as shown in the following table:

	Governmental Activities		Increase (Decrease)
	June 30, 2019	June 30, 2018	From June 30, 2018
Capital assets (net of depreciation):			
Land	\$ 2,149,142	\$ 2,196,232	\$ (47,090)
Construction in progress	9,499,938	599,550	8,900,388
Buildings and improvements	16,311,812	15,840,919	470,893
Vehicles and equipment	1,281,002	1,048,455	232,547
Total capital assets	<u>\$ 29,241,894</u>	<u>\$ 19,685,156</u>	<u>\$ 9,556,738</u>

During the year, the District's investment in capital assets, net of depreciation, increased by \$9.56 million. The District's current year depreciation expense was approximately \$989 thousand.

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 \$83.39 million, consisting of general obligation debt net of unamortized premium/discount, compared to \$86.22 million in the prior year.

During the current year, the District's total debt decreased by \$2.83 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 8* on of this report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Economic Factors and Next Year's Budget

During 2019-20, several construction and improvement projects funded by the general obligation bonds issued in 2018, and the State of Oregon matching OSCIM grant will be underway and nearly finished. The new high school educational facilities are expected to be finished by December 2020.

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 82 percent of the District's total operating revenues.

Salaries and benefit costs are expected to increase approximately 13 percent in 2019-20 based on current contractual obligations, and the PERS employer contribution rates average increase for the 2019-21 biennium of 4.19 percent.

District membership is expected to remain static or decrease slightly for the next few years.

The District's Budget Committee and School Board considered these factors while preparing the budget for the 2019-2020 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, 2019

	Governmental Activities
ASSETS:	
Cash and investments	\$ 8,200,855
Receivables	1,984,437
Prepaid expenses	385,866
Inventories	20,263
Restricted cash and investments for capital projects	62,464,462
Capital assets, net	
Land	2,149,142
Construction in progress	9,499,938
Buildings and improvements	16,311,812
Machinery and equipment	1,281,002
OPEB asset	128,127
	TOTAL ASSETS
	102,425,904
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	6,218,767
Deferred outflows related to other post-employment benefits (RHIA)	55,637
Deferred outflows related to early retirement stipend benefit plan	165,260
	TOTAL DEFERRED OUTFLOWS OF RESOURCES
	6,439,664
LIABILITIES:	
Accounts payable	632,399
Accrued payroll liabilities	1,321,767
Accrued interest payable	2,214,323
Unearned revenue	116,929
OPERS pension liabilities	16,897,427
Other post employment benefit obligation (OPEB)	2,139,050
Early retirement stipend pension plan obligation	2,194,322
Bonds payable, net of unamortized premium/discount	
Due within one year	3,288,727
Due in more than one year	80,102,903
	TOTAL LIABILITIES
	108,907,847
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (OPERS)	1,672,663
Deferred inflows related to other post-employment benefits (RHIA)	35,903
Deferred inflows related to other post-employment benefits (single employer medical benefit plan)	681,668
Deferred inflows related to early retirement stipend benefit plan	100,222
	TOTAL DEFERRED INFLOWS OF RESOURCES
	2,490,456
NET POSITION:	
Net investment in capital assets	19,686,215
Restricted - scholarship fund	625,326
Restricted - debt service	329,670
Unrestricted	(23,173,946)
	TOTAL NET POSITION
	\$ (2,532,735)

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

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	\$ 17,018,389	\$ 629,095	\$ 1,492,072	\$ -	\$ (14,897,222)
Supporting services	11,543,826	53,273	979,535	-	(10,511,018)
Enterprise and community services	1,406,906	148,029	1,166,923	-	(91,954)
Facilities and acquisition and construction	38,625	-	-	400,131	361,506
Fees and interest on long-term debt	3,236,668	-	-	-	(3,236,668)
Unallocated depreciation	989,255	-	-	-	(989,255)
Total government activities	\$ 34,233,669	\$ 830,397	\$ 3,638,530	\$ 400,131	(29,364,611)
General revenues:					
					8,823,900
					3,009,836
					142,690
					2,093,695
					17,715,877
					259,947
					28,261
					183,231
					<u>32,257,437</u>
					2,892,826
					NET POSITION - July 1, 2018
					<u>(5,425,561)</u>
					NET POSITION - June 30, 2019
					<u>\$ (2,532,735)</u>

FUND FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 6,405,713	\$ 1,636,878	\$ 158,264	\$ 62,464,462	\$ 70,665,317
Receivables	799,622	620,778	171,406	392,631	1,984,437
Prepays	260,301	14,921	-	110,644	385,866
TOTAL ASSETS	\$ 7,465,636	\$ 2,272,577	\$ 329,670	\$ 62,967,737	\$ 73,035,620
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 94,652	\$ 71,157	\$ -	\$ 466,590	\$ 632,399
Accrued payroll liabilities	1,188,804	132,767	-	196	1,321,767
Unearned revenue	-	116,929	-	-	116,929
TOTAL LIABILITIES	1,283,456	320,853	-	466,786	2,071,095
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	508,183	-	133,568	-	641,751
TOTAL DEFERRED INFLOWS	508,183	-	133,568	-	641,751
Fund Balances:					
Nonspendable	260,301	14,921	-	110,644	385,866
Restricted for scholarships	-	625,326	-	-	625,326
Restricted for debt service	-	-	196,102	-	196,102
Restricted for capital projects	-	-	-	62,390,307	62,390,307
Assigned	-	1,311,477	-	-	1,311,477
Unassigned	5,413,696	-	-	-	5,413,696
TOTAL FUND BALANCES	5,673,997	1,951,724	196,102	62,500,951	70,322,774
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,465,636	\$ 2,272,577	\$ 329,670	\$ 62,967,737	\$ 73,035,620

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2019**

TOTAL FUND BALANCES	\$ 70,322,774
Capital assets are not financial resources and therefore are not reported in the governmental funds:	
Cost	\$ 56,217,455
Accumulated depreciation	<u>(26,975,561)</u>
	29,241,894
In the governmental funds, inventory is accounted for under the purchase method and the current value is not reported in the fund balance sheet.	
	20,263
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.	
	641,751
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.	
	4,546,104
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.	
	19,734
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.	
	(681,668)
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.	
	65,038
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	(2,214,323)
Bonds payable, net of bond premium	(83,391,630)
The liability associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.	
	(16,897,427)
The early retirement stipend pension plan obligation is not reported with the governmental funds.	
	(2,194,322)
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.	
	128,127
The other post employment benefit liability obligation is not reported with the governmental funds.	
	<u>(2,139,050)</u>
TOTAL NET POSITION	<u>\$ (2,532,735)</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES					
Property taxes and other taxes	\$ 8,807,064	\$ 142,690	\$ 2,983,436	\$ -	\$ 11,933,190
Intergovernmental	18,357,650	3,283,974	-	392,631	22,034,255
Charges for services	118,418	665,158	-	-	783,576
Local grants and contributions	-	29,565	-	7,500	37,065
Investment earnings	241,608	31,283	32,483	1,788,321	2,093,695
Miscellaneous	62,130	71,186	-	45,418	178,734
TOTAL REVENUES	<u>27,586,870</u>	<u>4,223,856</u>	<u>3,015,919</u>	<u>2,233,870</u>	<u>37,060,515</u>
EXPENDITURES					
Current:					
Instruction	14,217,310	1,980,658	-	-	16,197,968
Support services	10,269,900	846,662	-	-	11,116,562
Enterprise and community services	-	1,337,756	-	-	1,337,756
Facilities and acquisition	288,447	178,580	-	10,141,525	10,608,552
Debt service	1,445,157	-	3,051,058	-	4,496,215
TOTAL EXPENDITURES	<u>26,220,814</u>	<u>4,343,656</u>	<u>3,051,058</u>	<u>10,141,525</u>	<u>43,757,053</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,366,056</u>	<u>(119,800)</u>	<u>(35,139)</u>	<u>(7,907,655)</u>	<u>(6,696,538)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of fixed assets	192,830	-	-	-	192,830
TOTAL OTHER FINANCING SOURCES (USES)	<u>192,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,830</u>
NET CHANGE IN FUND BALANCE	1,558,886	(119,800)	(35,139)	(7,907,655)	(6,503,708)
FUND BALANCE, July 1, 2018	<u>4,115,111</u>	<u>2,071,524</u>	<u>231,241</u>	<u>70,408,606</u>	<u>76,826,482</u>
FUND BALANCE, June 30, 2019	<u>\$ 5,673,997</u>	<u>\$ 1,951,724</u>	<u>\$ 196,102</u>	<u>\$ 62,500,951</u>	<u>\$ 70,322,774</u>

**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, 2019**

NET CHANGE IN FUND BALANCE		\$ (6,503,708)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Expenditures for capital assets	\$ 10,716,079	
Disposition of assets	(170,086)	
Less current year depreciation	<u>(989,255)</u>	9,556,738
<p>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.</p>		
Debt principal repaid		2,602,000
Capital lease long-term debt		2,942
<p>Governmental funds report the effect of premiums, deferred charges and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:</p>		
Amortization of premium (discount)		221,982
<p>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.</p>		
Interest paid	1,894,216	
Interest expense	<u>(3,458,530)</u>	(1,564,314)
<p>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.</p>		
		(7,634)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
		43,236
<p>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).</p>		
		(1,686,399)
<p>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).</p>		
		145,374
<p>The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows).</p>		
		15,071
<p>The change in the net post employment benefit asset (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).</p>		
		<u>67,538</u>
CHANGE IN NET POSITION		<u>\$ 2,892,826</u>

NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

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 asset 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, 2019

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 restricted for specific educational purposes. Principal revenue sources are federal and state grants.

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.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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) and obligations of the United States (U.S.) Government and its agencies and instrumentalities. Changes in the fair value of investments are recorded as investment earnings.

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 sale. 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, 2019

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.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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, 2019

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.

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, 2019.

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, 2019, the District implemented the following GASB Pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Adoption of New GASB Pronouncements (continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, issued March 2018 to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2019:

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the District, fiscal year ending June 30, 2020.

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, 2021.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for fiscal year ending June 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2020.

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.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 2 - Cash and Investments

Cash and investments are composed of the following at June 30, 2019:

Petty cash	\$ 500
Deposits with financial institutions:	
Demand deposits	4,705,771
Investments	65,959,046
Total cash and investments	\$ 70,665,317

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

Cash and investments	\$ 8,200,855
Restricted cash and investments for capital projects	62,464,462
Total cash and investments	\$ 70,665,317

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, 2019. 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, 2019, the carrying amounts of the District deposits in various financial institutions were \$4,705,771 and the bank balances were \$5,771,953. All deposits are held in the name of the District. Of the bank balance, \$5,479,392 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 2019. 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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 2 - Cash and Investments (continued)

Investments (continued). 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.

Bond investments are valued on the basis of last available bid prices or current market quotations.

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. As of June 30, 2019, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

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 or investments issued and explicitly guaranteed by the U.S. Government.

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, 2019, the District had the following investments and maturities:

Investment Type	Maturity	Percentage of Portfolio	Fair Value
Local Government Investment Pool	1 day	37%	\$ 24,121,178
U.S. Agencies	Less than 1 year	41%	27,251,147
U.S. Agencies	1- 5 years	22%	14,586,721
			<u>\$ 65,959,046</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 2 - Cash and Investments (continued)

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.

Investments Measured at Fair Value:	Totals at June 30, 2019	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
U.S. Agencies	\$ 41,837,868	\$ -	\$ 41,837,868	\$ -	\$ -
Local Government Investment Pool	24,121,178	-	-	-	24,121,178
	<u>\$ 65,959,046</u>	<u>\$ -</u>	<u>\$ 41,837,868</u>	<u>\$ -</u>	<u>\$ 24,121,178</u>

Note 3 - Receivables

Receivables are comprised of the following at June 30, 2019:

	Property Taxes	Grants	Other	Total
General Fund	\$ 630,499	\$ -	\$ 169,123	\$ 799,622
Special Revenue Fund	-	620,778	-	620,778
Debt Service Fund	171,406	-	-	171,406
Capital Projects Fund	-	392,631	-	392,631
	<u>\$ 801,905</u>	<u>\$ 1,013,409</u>	<u>\$ 169,123</u>	<u>\$ 1,984,437</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Disposals	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 2,196,232	\$ 115,338	\$ (162,428)	\$ -	\$ 2,149,142
Construction in progress	599,550	9,051,907	-	(151,519)	9,499,938
Total capital assets not being depreciated	<u>\$ 2,795,782</u>	<u>\$ 9,167,245</u>	<u>\$ (162,428)</u>	<u>\$ (151,519)</u>	<u>\$ 11,649,080</u>
Capital assets being depreciated:					
Building and improvements	\$ 35,797,355	\$ 1,247,349	\$ -	\$ 100,112	\$ 37,144,816
Equipment/fixtures/vehicles	7,111,410	301,485	(40,743)	51,407	7,423,559
Total capital assets being depreciated	<u>\$ 42,908,765</u>	<u>\$ 1,548,834</u>	<u>\$ (40,743)</u>	<u>\$ 151,519</u>	<u>\$ 44,568,375</u>
Less accumulated depreciation for:					
Building and improvements	\$ (19,956,436)	\$ (876,568)	\$ -	\$ -	\$ (20,833,004)
Equipment/fixtures/vehicles	(6,062,955)	(112,687)	33,085	-	(6,142,557)
Total accumulated depreciation	<u>\$ (26,019,391)</u>	<u>\$ (989,255)</u>	<u>\$ 33,085</u>	<u>\$ -</u>	<u>\$ (26,975,561)</u>
Total capital assets (net)					
Land	\$ 2,196,232	\$ 115,338	\$ (162,428)	\$ -	\$ 2,149,142
CIP	599,550	9,051,907	-	(151,519)	9,499,938
Building and improvements	15,840,919	370,781	-	100,112	16,311,812
Equipment/fixtures/vehicles	1,048,455	188,798	(7,658)	51,407	1,281,002
Total capital assets (net)	<u>\$ 19,685,156</u>	<u>\$ 9,726,824</u>	<u>\$ (170,086)</u>	<u>\$ -</u>	<u>\$ 29,241,894</u>

Unallocated depreciation expense for the year ended June 30, 2019 totaled \$989,255.

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, 2019, the various components of unavailable and unearned revenue included in the governmental funds' Balance Sheet consist of the following:

	Unavailable	Unearned	Total
General fund			
Property taxes	\$ 508,183	\$ -	\$ 508,183
Special revenue fund			
Grants	-	116,929	116,929
Debt service fund			
Property taxes	133,568	-	133,568
Total unavailable and unearned revenue	<u>\$ 641,751</u>	<u>\$ 116,929</u>	<u>\$ 758,680</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 6 - Operating Leases

The District leases copiers under non-cancellable operating leases. Total costs for such leases were \$36,549 for the fiscal year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2020	\$ 63,223
2021	45,857
2022	39,762
2023	35,653
Total	\$ 184,495

Note 7 - Capital Lease Payable

On June 6, 2016 the District entered into a capital lease to finance equipment that matured on June 1, 2019. The lease was payable in 36 monthly installments of \$278, including an imputed interest rate of 7.98%. The cost of this equipment was \$8,946. Interest expense in the current year was \$121. The entire lease has been paid off at June 30, 2019.

The changes in the capital lease for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Governmental activities	\$ 2,942	\$ -	\$ 2,942	\$ -

Note 8 - Long-Term Debt

General Obligation Bonds

On July 11, 2011, the District refunded its 2001 general obligation bonds. The General Obligation Refunding Bonds, Series 2011 was for \$2,490,000 for an economic gain of \$345,367. The 2011 series was issued with a premium that is being amortized on the effective interest method over the life of the bond. Principal payments are due annually on June 15 and interest payments are due semiannually on June 15 and December 15. The bonds mature in 2020 and carry an annual interest rate that varies from 2.88-3.00%. 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 a 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 of the bonds or by law.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 8 - Long-Term Debt (continued)

General Obligation Bonds (continued)

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2020	\$ 805,000	\$ 23,144	\$ 828,144	2.875%
Total	\$ 805,000	\$ 23,144	\$ 828,144	

On May 26, 2015, the District advance refunded the outstanding Series 2005 General Obligation Bonds to provide for lower interest rates and a reduced future cost to District taxpayers. The advance refunding was accomplished by issuing Series General Obligation Refunding Bond, Series 2015 in the amount of \$5,237,000. Principal payments were due annually on June 15 and interest payments were due semiannually on June 15 and December 15. The bonds carried an annual interest rate of 1.31% and are paid off at June 30, 2019.

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 an 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 of the bonds or by law.

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2020	\$ 1,374,745	\$ 986,705	\$ 2,361,450	1.770%
2021	2,247,779	1,078,671	3,326,450	1.970%
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%
2025-2029	14,447,154	5,424,896	19,872,050	2.780-5.000%
2030-2034	15,641,495	5,696,005	21,337,500	5.000% - 4.060%
2035-2039	10,616,648	12,888,352	23,505,000	4.100% - 4.240%
2040-2044	9,640,408	17,599,592	27,240,000	4.260% - 4.360%
2045-2048	7,151,210	17,733,790	24,885,000	4.370% - 4.400%
Total	\$ 67,996,046	\$ 65,120,754	\$ 133,116,800	

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 8 - Long-Term Debt (continued)

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. Accrued The 2004 Obligations are subject to prepayment as further described in the official statement.

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2020	\$ 825,000	\$ 623,747	\$ 1,448,747	5.373%
2021	940,000	579,420	1,519,420	5.423%
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%
2025-2029	5,945,000	773,368	6,718,368	5.528%
Total	\$ 11,335,000	\$ 3,378,679	\$ 14,713,679	

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 Issue of its election to do so in writing.

Year Ending June 30,	Principal	Interest	Total	Interest Rate
2020	\$ 62,000	\$ 5,110	\$ 67,110	2.375%
2021	62,000	3,638	65,638	2.625%
2022	67,000	2,010	69,010	3.000%
Total	\$ 191,000	\$ 10,758	\$ 201,758	

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 8 - Long-Term Debt (continued)

The changes in unmatured bond principal for the year ended June 30, 2019 are as follows:

	Original Issue	Outstanding July 1, 2018	Issued	Matured and Redeemed	Outstanding June 30, 2019	Due in One Year
General Obligation Bonds						
2011 Series	\$ 2,490,000	\$ 2,440,000	\$ -	\$ (1,635,000)	\$ 805,000	\$ 805,000
2015 Series	5,237,000	190,000	-	(190,000)	-	-
2018 Series	67,996,046	67,996,046	-	-	67,996,046	1,374,745
Total General Obligation	\$ 75,723,046	\$ 70,626,046	\$ -	\$ (1,825,000)	\$ 68,801,046	\$ 2,179,745
Pension Obligation Bond						
2004 Series	\$ 14,895,000	\$ 12,050,000	\$ -	\$ (715,000)	\$ 11,335,000	\$ 825,000
Total Pension Obligation	\$ 14,895,000	\$ 12,050,000	\$ -	\$ (715,000)	\$ 11,335,000	\$ 825,000
OSBA FlexFund Obligation Bond						
2012 Series	\$ 602,000	\$ 253,000	\$ -	\$ (62,000)	\$ 191,000	\$ 62,000
Total OSBA FlexFund Obligation	\$ 602,000	\$ 253,000	\$ -	\$ (62,000)	\$ 191,000	\$ 62,000
Total Long Term Debt	\$ 91,220,046	\$ 82,929,046	\$ -	\$ (2,602,000)	\$ 80,327,046	\$ 3,066,745
Unamortized Premium/(Discount)		\$ 3,286,566	\$ -	\$ (221,982)	\$ 3,064,584	\$ 221,982
		\$ 86,215,612	\$ -	\$ (2,823,982)	\$ 83,391,630	\$ 3,288,727

Interest paid on the above debt was \$1,894,216 and interest expense for the year ended June 30, 2019 is \$3,236,548. The District had no direct borrowing or direct placement debt at June 30, 2019.

Note 9 - 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 postsecondary educational institutions and shall be awarded based on academic accomplishments and financial need. Two scholarships may be awarded annually. At June 30, 2019 the balance of the Scholarship Fund is \$625,326. The Scholarship Fund is currently invested in the Local Government Investment Pool earning average interest rate of 2.500%.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 10 - 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.

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 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, 2019, District contributions for Administrative and Confidential retirees are capped at \$1,904 per month, and for Classified retirees, are capped at \$1,386 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, 2019 was \$119,506.

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, 2019, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	31
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	266
	297
	297

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 10 - Post-Employment Health Care Benefits (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

Total OPEB Liability. The districts total OPEB liability of \$2,139,050 was measured as of June 30, 2019, and was determined by an actuarial valuation date as of July 1, 2018.

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	3.75% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Payroll Growth	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit
Annual Premium Increase Rate	Between 3.70% and 5.90% annually
Mortality Rates	RP 2014, Employee/Healthy Annuitant, sex distinct, generational
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

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 (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB Liability	\$ 2,279,719	\$ 2,139,050	\$ 2,007,043

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:

	1.0% Decrease 6.0% Graded Down to 4.0%	Current Trend Rate 7.0% Graded Down to 5.0% Trend Rates	1.0% Increase 8.0% Graded Down to 6.0%
Total OPEB Liability	\$ 1,939,181	\$ 2,139,050	\$ 2,371,120

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 10 - Post-Employment Health Care Benefits (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2019, the District recognized a reduction in OPEB expense of \$15,071, 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	\$ -	\$ 21,634
Changes of assumptions	-	660,034
Total	\$ -	\$ 681,668

Changes in Assumptions and Methods

- Interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Premium increase rates were modified to reflect anticipated experience and current Oregon law.
- Aging factors were revised to better align with prevalent actuarial practice.
- 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 defined benefit other post-employment benefit 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 is closed to new entrants after January 1, 2004.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700.

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
2020	\$ (97,382)
2021	(97,382)
2022	(97,382)
2023	(97,382)
2024	(97,382)
Thereafter	(194,758)
Total	\$ (681,668)

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 10 - Post-Employment Health Care Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

Funding Policy. 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 cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (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.

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.49% of annual covered OPERF payroll and 0.10% of OPSRP payroll. The contribution rates in effect for the fiscal year ended June 30, 2019 for the OPEB program were: Tier1/Tier 2 – 0.50%, and OPSRP General Service – 0.43%. The District contributed \$55,637 for the year ended June 30, 2019.

Pension Plan 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, 2019

Note 10 - 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 11 Pension and Retirement Plans*, except for the table listed below:

Actuarial assumptions:	
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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, 2019, the District reported \$128,127 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was approximately 0.11478135 percent.

For the year ended June 30, 2019, the District recognized a reduction of OPEB expense of \$67,538. 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 \$67,538 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 58%, 37% and 5%, respectively.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 10 - Post-Employment Health Care Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,261
Changes of assumptions	-	407
Net difference between projected and actual earning on investments	-	27,624
Changes in proportionate share	-	611
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	55,637	-
Total	\$ 55,637	\$ 35,903

\$55,637 reported as deferred outflows of resources related to 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, 2020.

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

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2020	\$ (11,986)
2021	(11,878)
2022	(9,293)
2023	(2,746)
Total	\$ (35,903)

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 10 - Post-Employment Health Care Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

Sensitivity for the District's Proportionate Share of the Net 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 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)	\$ (74,602)	\$ (128,127)	\$ (173,688)

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 is identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 11 Pension and Retirement Plans*.

Note 11 - 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.

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, 2019 was \$292,489. There are no assets accumulated in a trust.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

Employees Covered by Benefit Terms. At June 30, 2019, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	31
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	266
	297

Total Stipend Pension Liability. The districts total stipend pension liability of \$2,194,322 was measured as of June 30, 2019, and was determined by an actuarial valuation date as of July 1, 2018.

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	3.75% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit
Annual Premium Increase Rate	Between 3.70% and 5.90% annually
Mortality Rates	RP 2014, Employee/Healthy Annuitant, sex distinct, generational
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

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:

	1.0% Decrease (2.75%)	Current Discount Rate (3.75%)	1.0% Increase (4.75%)
Total OPEB Liability	\$ 2,294,624	\$ 2,194,322	\$ 2,097,381

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - 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, 2019, the District recognized a reduction of stipend pension expense of \$145,374.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 162,260	\$ -
Changes of assumptions	-	100,222
Total	\$ 162,260	\$ 100,222

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
2020	\$ 21,679
2021	21,679
2022	21,680
Total	\$ 65,038

Changes in Assumptions and Methods

- Interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Premium increase rates were modified to reflect anticipated experience and current Oregon law.
- Aging factors were revised to better align with prevalent actuarial practice.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - Pension and Retirement Plans (continued)

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 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 One or Tier Two 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 One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Tier One/Tier Two Retirement Benefit (Chapter 238)

Pension Benefits. The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (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.

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 who has accrued 10 or more years of retirement credits before the member 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 PERS-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 a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - 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.

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. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Contributions. PERS' 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, 2019 were \$1,344,797, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2019 for each pension program were: Tier1/Tier 2 – 14.72%, and OPSRP general service – 9.39%.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Pension Plan 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>

Actuarial Valuation. The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2016
Measurement date	June 30, 2018
Experience Study	2016, published July 26, 2017
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> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with color adjustments and set-backs as described in the valuation.
	<i>Active members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
	<i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - 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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate. The discount rate used to measure the total pension liability was 7.2 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.

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	12.50%
Opportunity portfolio	0.00%
Total	100.00%

Investment Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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, 2019

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return</u>
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Intermediate-term bonds	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/mid cap US equities	15.75%	6.30%
Small cap US equities	1.31%	6.69%
Micro cap US equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.13%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equities	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	
Assumed inflation - means		2.50%

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported \$16,897,427 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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, 2019, the District's proportion was approximately 0.11154387 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$1,686,399. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level. The \$1,686,399 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 58%, 37% and 5%, respectively.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

At June 30, 2019, 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	\$ 574,800	\$ -
Changes of assumptions	3,928,620	-
Net difference between projected and actual earning on investments	-	750,341
Changes in proportionate share	359,014	385,467
Differences between employer contributions and employers proportionate share of system contributions	11,536	536,855
Contributions subsequent to measurement date	1,344,797	-
Total	\$ 6,218,767	\$ 1,672,663

\$1,344,797 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, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense or expense reduction as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2020	\$ 1,856,219
2021	1,285,879
2022	(215,529)
2023	182,936
2024	91,802
Total	\$ 3,201,307

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)	\$ 28,238,793	\$ 16,897,427	\$ 7,536,058

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Changes in Assumptions. A summary of key changes implemented since the December 31, 2015 valuation can be found in the 2016 Experience Study for the System, which can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

- Assumed average annual future long-term investment return was lowered from 7.50 percent to 7.20 percent
- Interest crediting on regular and variable member accounts was also lowered to 7.20 percent
- Assumed administrative expenses were updated to both Tier 1/Tier 2 and OPSRP
- Mortality assumptions were changed to reflect updated base tables and mortality improvement projection scales for all groups
- Termination, disability and retirement rates were updated for some groups to more closely match observed experience
- Assumptions for merit increases, annual sick leave, and vacation pay were updated
- The assumed healthcare cost trend rates for the RHIPA program as well as the participation assumptions for both RHIA and RHIPA were updated
- The percentages used for allocating accrued liability for Tier 1/Tier 2 active members who have earned service with multiple OPERS employers were updated

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits. Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP 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. During 2019, the District, as an employee benefit, paid the employees portion of the contribution. For the year ended June 30, 2019 the District paid \$729,284 for this contribution.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 12 - 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 \$11,540,059 with \$3,596,215 remaining on the contracts at June 30, 2019. The majority of these upgrades and renovations will be paid for with the 2018 G.O. Bonds.

Note 13 - 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 14 - 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 15 - 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, 2019.

Note 16 - Tax Abatements

At June 30, 2019, Jackson County provides tax abatements through the Enterprise Zone program.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating entities are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program provides qualified entities that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the year ended June 30, 2019, Phoenix Talent School District's abated property taxes totaled \$106 under the Enterprise Zone.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 17 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2019 through December 9, 2019, 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
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (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

	2019	2018	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.11154387%	0.11036155%	0.10533443%	0.1159930%	0.1303724%	0.1303724%
District's proportion of the net pension asset/(liability)	\$(16,897,427)	\$(14,876,779)	\$(15,813,144)	\$ (6,659,694)	\$ 2,955,170	\$ (6,653,095)
District's covered-employee payroll	\$ 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	144.34%	126.50%	138.71%	61.00%	-26.98%	60.24%
Plan fiduciary net position as a percentage of the total pension liability	81.81%	83.12%	80.53%	91.88%	103.59%	91.97%

Jackson County School District No. 4 Contributions

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,344,797	\$ 1,240,309	\$ 903,286	\$ 849,199	\$ 981,878	\$ 1,311,290
Contribution in relation to the contractually required	(1,344,797)	(1,240,309)	(903,286)	(849,199)	(981,878)	(1,311,290)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 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	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, 2015 valuation are outlined briefly in *Note 11* in Notes to the Basic Financial Statements. A comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the system, which was published in July 2017, and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.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 six years of information is presented.

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

Total Pension Liability (Stipend):	2019	2018	2017
Service cost	\$ 63,794	\$ 62,238	\$ 62,238
Interest	65,705	69,548	74,964
Changes of benefit terms	-	-	-
Differences between expected and actual experience	220,347	-	-
Changes of assumptions of other inputs	(133,630)	-	-
Benefit payments	(296,552)	(288,555)	(346,907)
Net change in total pension liability (stipend)	(80,336)	(156,769)	(209,705)
Total pension liability (stipend) - beginning	2,274,658	2,431,427	2,641,132
Total pension liability (stipend) - ending	<u>\$ 2,194,322</u>	<u>\$ 2,274,658</u>	<u>\$ 2,431,427</u>
Estimated covered - employee payroll	\$ 2,231,096	\$ 3,515,751	\$ 3,413,350
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	98.35%	64.70%	71.23%

Notes to Schedule

A summary of assumption changes implemented since the July 1, 2016 valuation are outlined briefly in *Note 11* 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 three 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
OTHER POSTEMPLOYMENT BENEFITS
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>2019</u>	<u>2018</u>
District proportion of the net OPEB asset/(liability)	0.11478135%	0.11475678%
District proportion of the net OPEB asset/(liability)	\$ 128,127	\$ 47,893
District's covered-employee payroll	\$ 11,706,777	\$ 11,760,743
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	-1.09%	-0.41%
Plan fiduciary net position as a percentage of the total OPEB liability	123.99%	108.88%

Jackson County School District No. 4 Contributions

	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 55,637	\$ 55,577
Contribution in relation to the contractually required	<u>(55,637)</u>	<u>(55,577)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 12,244,945	\$ 11,706,777
Contributions as a percentage of covered-employee payroll	0.45%	0.47%

Notes to Schedule

A summary of assumption changes implemented since the December 31, 2015 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 75 during fiscal 2017, as a result, only two years of information is available.

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

Total OPEB Liability:	2019	2018	2017
Service cost	\$ 131,087	\$ 127,890	\$ 127,890
Interest	86,970	83,543	82,714
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(24,725)	-	-
Changes of assumptions of other inputs	(754,325)	-	-
Benefit payments	(135,746)	(192,923)	(173,042)
Net change in total OPEB liability	(696,739)	18,510	37,562
Total OPEB liability - beginning	2,835,789	2,817,279	2,779,717
Total OPEB liability - ending	<u>\$ 2,139,050</u>	<u>\$ 2,835,789</u>	<u>\$ 2,817,279</u>
Estimated covered - employee payroll	\$ 12,286,113	\$ 11,997,416	\$ 11,647,977
Total OPEB liability as a percentage of estimated covered - employee payroll	17.41%	23.64%	24.19%

Notes to Schedule

A summary of assumption changes implemented since the July 1, 2016 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 75 during fiscal 2017, as a result, only three 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, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources:				
Property taxes	\$ 8,650,000	\$ 8,650,000	\$ 8,807,064	\$ 157,064
Charges for services	118,500	118,500	118,418	(82)
Interest on investments	75,000	75,000	241,608	166,608
Miscellaneous	57,000	57,000	62,130	5,130
Intermediate sources:				
Intergovernmental	-	-	242,379	242,379
State sources:				
Basic school support	16,850,000	16,850,000	17,715,877	865,877
Intergovernmental	257,000	257,000	259,947	2,947
Federal sources:				
Intergovernmental	88,000	88,000	139,447	51,447
TOTAL REVENUES	<u>26,095,500</u>	<u>26,095,500</u>	<u>27,586,870</u>	<u>1,491,370</u>
EXPENDITURES				
Current:				
Instruction	15,093,303	14,968,303	14,217,310	750,993
Support services	10,501,961	10,501,961	10,269,900	232,061
Facilities acquisition and construction	-	300,000	288,447	11,553
Debt service	1,450,000	1,450,000	1,445,157	4,843
Operating contingency	400,000	400,000	-	400,000
TOTAL EXPENDITURES	<u>27,445,264</u>	<u>27,620,264</u>	<u>26,220,814</u>	<u>1,399,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,349,764)</u>	<u>(1,524,764)</u>	<u>1,366,056</u>	<u>2,890,820</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of fixed assets	-	175,000	192,830	17,830
SOURCES (USES)	<u>-</u>	<u>175,000</u>	<u>192,830</u>	<u>17,830</u>
NET CHANGE IN FUND BALANCE	(1,349,764)	(1,349,764)	1,558,886	2,908,650
FUND BALANCE, July 1, 2018	<u>3,386,000</u>	<u>3,386,000</u>	<u>4,115,111</u>	<u>729,111</u>
FUND BALANCE, June 30, 2019	<u>\$ 2,036,236</u>	<u>\$ 2,036,236</u>	<u>\$ 5,673,997</u>	<u>\$ 3,637,761</u>

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, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Construction excise taxes	\$ 320,000	\$ 320,000	\$ 142,690	\$ (177,310)
Charges for services	805,000	805,000	665,158	(139,842)
Donations	79,547	79,547	29,565	(49,982)
Interest on investments	17,000	17,000	31,283	14,283
Miscellaneous	79,000	79,000	71,186	(7,814)
Intermediate sources:				
Miscellaneous	61,879	61,879	69,274	7,395
State sources:				
Basic school support	11,000	11,000	11,086	86
Intergovernmental	858,219	858,219	472,353	(385,866)
Federal sources:				
Intergovernmental	2,965,855	2,965,855	2,731,261	(234,594)
TOTAL REVENUES	<u>5,197,500</u>	<u>5,197,500</u>	<u>4,223,856</u>	<u>(973,644)</u>
EXPENDITURES				
Current:				
Instruction	2,355,370	2,355,370	1,980,658	374,712
Support services	1,170,227	1,170,227	846,662	323,565
Enterprise and community services	1,562,903	1,562,903	1,337,756	225,147
Facilities acquisition and construction	795,000	795,000	178,580	616,420
TOTAL EXPENDITURES	<u>5,883,500</u>	<u>5,883,500</u>	<u>4,343,656</u>	<u>1,539,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(686,000)</u>	<u>(686,000)</u>	<u>(119,800)</u>	<u>566,200</u>
NET CHANGE IN FUND BALANCE	(686,000)	(686,000)	(119,800)	566,200
FUND BALANCE, July 1, 2018	<u>1,797,500</u>	<u>1,797,500</u>	<u>2,071,524</u>	<u>274,024</u>
FUND BALANCE, June 30, 2019	<u>\$ 1,111,500</u>	<u>\$ 1,111,500</u>	<u>\$ 1,951,724</u>	<u>\$ 840,224</u>

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, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 3,097,340	\$ 3,097,340	\$ 2,983,436	\$ (113,904)
Interest on investments	15,425	15,425	32,483	17,058
TOTAL REVENUES	<u>3,112,765</u>	<u>3,112,765</u>	<u>3,015,919</u>	<u>(96,846)</u>
EXPENDITURES				
Debt service	3,085,000	3,085,000	3,051,058	33,942
TOTAL EXPENDITURES	<u>3,085,000</u>	<u>3,085,000</u>	<u>3,051,058</u>	<u>33,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>27,765</u>	<u>27,765</u>	<u>(35,139)</u>	<u>(62,904)</u>
NET CHANGE IN FUND BALANCE	27,765	27,765	(35,139)	(62,904)
FUND BALANCE, July 1, 2018	<u>200,000</u>	<u>200,000</u>	<u>231,241</u>	<u>31,241</u>
FUND BALANCE, June 30, 2019	<u>\$ 227,765</u>	<u>\$ 227,765</u>	<u>\$ 196,102</u>	<u>\$ (31,663)</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, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources:				
Donations	\$ -	\$ -	\$ 7,500	\$ 7,500
Interest on investments	400,000	400,000	1,788,321	1,388,321
Miscellaneous	-	-	45,418	45,418
State sources:				
Intergovernmental	-	-	392,631	392,631
TOTAL REVENUES	<u>400,000</u>	<u>400,000</u>	<u>2,233,870</u>	<u>1,833,870</u>
EXPENDITURES				
Current:				
Support services	500,000	500,000	-	500,000
Facilities acquisition and construction	30,842,690	30,842,690	10,141,525	20,701,165
TOTAL EXPENDITURES	<u>31,342,690</u>	<u>31,342,690</u>	<u>10,141,525</u>	<u>21,201,165</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,942,690)</u>	<u>(30,942,690)</u>	<u>(7,907,655)</u>	<u>23,035,035</u>
NET CHANGE IN FUND BALANCE	(30,942,690)	(30,942,690)	(7,907,655)	23,035,035
FUND BALANCE, July 1, 2018	<u>69,000,000</u>	<u>69,000,000</u>	<u>70,408,606</u>	<u>1,408,606</u>
FUND BALANCE, June 30, 2019	<u>\$ 38,057,310</u>	<u>\$ 38,057,310</u>	<u>\$ 62,500,951</u>	<u>\$ 24,443,641</u>

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2018-19 DISTRICT AUDIT REVENUE SUMMARY
Year Ended June 30, 2019

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	\$8,803,582		\$2,982,302				
1120 District							
1130 Construction Excise Tax		\$142,690					
1190 Penalties and Interest on Taxes	\$3,482		\$1,134				
1200 Other Than Districts							
1311 Individuals							
1312 Within State							
1313 Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 State							
1413 Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$241,608	\$31,283	\$32,483	\$1,788,321			
1600 Food Service		\$137,858					
1700 Extracurricular Activities	\$38,210	\$527,300					
1800 Community Services Activities							
1910 Rentals	\$11,435						
1920 Sources		\$29,565		\$7,500			
1930 Contractors	\$42,000						
1940 Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$4,981			\$29,390			
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$26,773						
1990 Miscellaneous	\$57,149	\$71,186		\$16,028			
Total Revenue from Local Sources	\$9,229,219	\$939,881	\$3,015,919	\$1,841,239	\$0	\$0	\$0
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	\$242,379						
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources		\$6,161					
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District		\$63,113					
Total Revenue from Intermediate Sources	\$242,379	\$69,274	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$17,715,877						
3102 State School Fund - School Lunch Match		\$11,086					
3103 Common School Fund	\$259,947						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 Equipment							
3299 Other Restricted Grants-in-Aid		\$472,353		\$392,631			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$17,975,823	\$483,439	\$0	\$392,631	\$0	\$0	\$0
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Federal Government							
4200 Government Through the State	\$1,776						
4300 Government							
4500 Government Through the State		\$2,645,382					
4700 Grants-In-Aid From the Federal							
4801 Federal Forest Fees	\$109,410						
4802 Operation (PL 874)	\$28,261						
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$85,880					
Total Revenue from Federal Sources	\$139,447	\$2,731,261	\$0	\$0	\$0	\$0	\$0
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 Assets	\$192,830						
5400 Resources - Beginning Fund Balance							
Total Revenue from Other Sources	\$192,830	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$27,779,701	\$4,223,856	\$3,015,919	\$2,233,870	\$0	\$0	\$0

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2018-19 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2019

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	\$3,788,301	\$2,397,513	\$1,222,442	\$117,319	\$49,693		\$1,334	
1113	Elementary Extracurricular	\$0							
1121	Middle/Junior High Programs	\$2,234,109	\$1,407,919	\$717,015	\$56,666	\$52,074		\$436	
1122	Middle/Junior High School Extracurricular	\$108,547	\$83,752	\$16,129	\$104	\$1,142		\$7,420	
1131	High School Programs	\$2,765,501	\$1,700,492	\$855,560	\$75,544	\$131,390		\$2,515	
1132	High School Extracurricular	\$384,022	\$241,876	\$47,783	\$35,723	\$19,336		\$39,304	
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$4,239			\$400	\$275		\$3,564	
1220	Restrictive Programs for Students with Disabilities	\$184,096			\$177,983	\$6,113			
1250	Less Restrictive Programs for Students with Disabilities	\$2,240,649	\$1,335,652	\$854,379	\$29,063	\$21,456		\$99	
1260	Treatment and Habilitation	\$58,737			\$58,737				
1271	Remediation	\$0							
1272	Title I	\$0							
1280	Alternative Education	\$648,565			\$640,817	\$7,748			
1291	English Second Language Programs	\$1,689,047	\$1,072,590	\$576,562	\$31,230	\$8,666			
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$109,164	\$35,893	\$7,961	\$53,034	\$12,275			
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$2,328	\$1,812	\$403		\$113			
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
Total Instruction Expenditures		\$14,217,310	\$8,277,499	\$4,298,234	\$1,276,619	\$310,281	\$0	\$54,672	\$0

Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$214,908	\$88,568	\$55,194	\$65,439	\$5,256		\$450	
2120	Guidance Services	\$362,170	\$224,377	\$130,971		\$6,821			
2130	Health Services	\$65,872			\$64,942	\$930			
2140	Psychological Services	\$66,500	\$49,602	\$12,222	\$3,766	\$774		\$135	
2150	Speech Pathology and Audiology Services	\$401,079	\$266,617	\$131,160	\$467	\$1,813		\$1,022	
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$157,221	\$97,440	\$52,097		\$7,090		\$595	
2210	Improvement of Instruction Services	\$117,726	\$72,197	\$31,071	\$831	\$13,602		\$25	
2220	Educational Media Services	\$261,870	\$117,504	\$108,177	\$7,556	\$28,633			
2230	Assessment & Testing	\$4,558				\$4,558			
2240	Instructional Staff Development	\$28,688	\$405	\$32	\$27,436	\$816			
2310	Board of Education Services	\$76,112	\$28,051	\$16,259	\$11,000	\$6,097		\$14,705	
2320	Executive Administration Services	\$276,064	\$171,580	\$77,420	\$15,844	\$9,030		\$2,190	
2410	Office of the Principal Services	\$2,088,875	\$1,243,014	\$699,882	\$90,787	\$47,708		\$7,484	
2490	Other Support Services - School Administration	\$13,678	\$228	\$3	\$1,812	\$11,635			
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$692,550	\$235,615	\$157,464	\$61,500	\$23,749		\$214,223	
2540	Operation and Maintenance of Plant Services	\$2,307,246	\$810,889	\$518,318	\$792,120	\$171,304	\$9,632	\$4,983	
2550	Student Transportation Services	\$1,891,035	\$4,595	\$1,917	\$1,884,524				
2570	Internal Services	\$15,502			\$15,502				
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant W	\$0							
2630	Information Services	\$9,491			\$8,980	\$511			
2640	Staff Services	\$200,582	\$132,319	\$45,851	\$18,474	\$2,488		\$1,450	
2660	Technology Services	\$476,901	\$193,562	\$119,500	\$46,257	\$117,581			
2670	Records Management Services	\$0							
2680	Interpretation and Translation Services	\$123,827	\$71,233	\$52,594					
2690	Other Support Services - Central	\$5,448			\$5,448				
2700	Supplemental Retirement Program	\$411,996	\$292,489	\$119,506					
Total Support Services Expenditures		\$10,269,900	\$4,100,287	\$2,335,087	\$3,117,238	\$460,395	\$9,632	\$247,261	\$0

Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$0							
3200	Other Enterprise Services	\$0							
3300	Community Services	\$0							
3500	Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0							
4120	Site Acquisition and Development Services	\$0							
4150	Building Acquisition, Construction, and Improvement Services	\$288,447					\$288,447		
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures		\$288,447	\$0	\$0	\$0	\$0	\$288,447	\$0	\$0

Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$1,445,157						\$1,445,157	
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures		\$1,445,157	\$0	\$0	\$0	\$0	\$0	\$1,445,157	\$0

Grand Total \$26,220,814 \$12,377,785 \$6,633,321 \$4,393,857 \$770,676 \$298,079 \$1,747,090 \$0

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2018-19 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2019

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	\$66,499	\$4,687	\$1,207	\$45,306	\$15,298			
1113	Elementary Extracurricular	\$140,660				\$115,199	\$25,460		
1121	Middle/Junior High Programs	\$12,453	\$3,000	\$502	\$1,085	\$7,867			
1122	Middle/Junior High School Extracurricular	\$66,550	\$4,263	\$848		\$61,440			
1131	High School Programs	\$192,914	\$99,727	\$50,101	\$4,200	\$38,886			
1132	High School Extracurricular	\$344,425				\$344,425			
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$0							
1220	Restrictive Programs for Students with Disabilities	\$10,414	\$4,575	\$540		\$5,299			
1250	Less Restrictive Programs for Students with Disabilities	\$386,834	\$225,182	\$151,327	\$10,184	\$141			
1260	Treatment and Habilitation	\$5,124			\$5,124				
1271	Remediation	\$7,223				\$7,223			
1272	Title I	\$728,250	\$409,521	\$225,126	\$99	\$93,504			
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$4,010				\$4,010			
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$15,300			\$15,300				
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
Total Instruction Expenditures		\$1,980,658	\$750,955	\$429,651	\$81,298	\$693,292	\$25,460	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$20,125	\$1,577	\$367	\$14,010	\$4,171			
2120	Guidance Services	\$400,650	\$213,612	\$168,747	\$18,000	\$290			
2130	Health Services	\$2,387			\$2,387				
2140	Psychological Services	\$1,562			\$1,562				
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$19,340	\$10,506	\$7,568	\$1,266				
2210	Improvement of Instruction Services	\$41,623	\$28,471	\$12,610	\$542				
2220	Educational Media Services	\$0							
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$198,673	\$80,606	\$24,204	\$93,202	\$660			
2310	Board of Education Services	\$0							
2320	Executive Administration Services	\$0							
2410	Office of the Principal Services	\$0							
2490	Other Support Services - School Administration	\$5,826			\$5,623	\$203			
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$26,773						\$26,773	
2540	Operation and Maintenance of Plant Services	\$129,703				\$30,045	\$99,658		
2550	Student Transportation Services	\$0							
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$0							
2660	Technology Services	\$0							
2670	Records Management Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$0							
Total Support Services Expenditures		\$846,662	\$334,772	\$213,497	\$136,593	\$35,368	\$99,658	\$26,773	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$1,315,974	\$10,857	\$5,980	\$1,271,250	\$3,437	\$11,404	\$13,045	
3200	Other Enterprise Services	\$0							
3300	Community Services	\$21,783	\$5,156	\$1,331	\$12,846	\$2,450			
3500	Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures		\$1,337,756	\$16,014	\$7,311	\$1,284,096	\$5,887	\$11,404	\$13,045	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0							
4120	Site Acquisition and Development Services	\$16,433					\$16,433		
4150	Building Acquisition, Construction, and Improvement Services	\$162,147			\$38,626		\$123,522		
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures		\$178,580	\$0	\$0	\$38,626	\$0	\$139,955	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$0							
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total		\$4,343,656	\$1,101,741	\$650,460	\$1,540,613	\$734,547	\$276,476	\$39,818	\$0

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2018-19 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2019

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	\$0							
1113	Elementary Extracurricular	\$0							
1121	Middle/Junior High Programs	\$0							
1122	Middle/Junior High School Extracurricular	\$0							
1131	High School Programs	\$0							
1132	High School Extracurricular	\$0							
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$0							
1220	Restrictive Programs for Students with Disabilities	\$0							
1250	Less Restrictive Programs for Students with Disabilities	\$0							
1260	Treatment and Habilitation	\$0							
1271	Remediation	\$0							
1272	Title I	\$0							
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$0							
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$0							
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
Total Instruction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$0							
2120	Guidance Services	\$0							
2130	Health Services	\$0							
2140	Psychological Services	\$0							
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$0							
2210	Improvement of Instruction Services	\$0							
2220	Educational Media Services	\$0							
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$0							
2310	Board of Education Services	\$0							
2320	Executive Administration Services	\$0							
2410	Office of the Principal Services	\$0							
2490	Other Support Services - School Administration	\$0							
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$0							
2540	Operation and Maintenance of Plant Services	\$0							
2550	Student Transportation Services	\$0							
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Stat	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$0							
2660	Technology Services	\$0							
2670	Records Management Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$0							
Total Support Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$0							
3200	Other Enterprise Services	\$0							
3300	Community Services	\$0							
3500	Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0							
4120	Site Acquisition and Development Services	\$0							
4150	Building Acquisition, Construction, and Improvement Services	\$0							
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$3,051,058						\$3,051,058	
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures		\$3,051,058	\$0	\$0	\$0	\$0	\$0	\$3,051,058	\$0
Grand Total		\$3,051,058	\$0	\$0	\$0	\$0	\$0	\$3,051,058	\$0

JACKSON COUNTY SCHOOL DISTRICT NO. 4
2018-19 DISTRICT AUDIT EXPENDITURE SUMMARY
Year Ended June 30, 2019

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	\$0							
1113	Elementary Extracurricular	\$0							
1121	Middle/Junior High Programs	\$0							
1122	Middle/Junior High School Extracurricular	\$0							
1131	High School Programs	\$0							
1132	High School Extracurricular	\$0							
1140	Pre-Kindergarten Programs	\$0							
1210	Programs for the Talented and Gifted	\$0							
1220	Restrictive Programs for Students with Disabilities	\$0							
1250	Less Restrictive Programs for Students with Disabilities	\$0							
1260	Treatment and Habilitation	\$0							
1271	Remediation	\$0							
1272	Title I	\$0							
1280	Alternative Education	\$0							
1291	English Second Language Programs	\$0							
1292	Teen Parent Program	\$0							
1293	Migrant Education	\$0							
1294	Youth Corrections Education	\$0							
1299	Other Programs	\$0							
1300	Adult/Continuing Education Programs	\$0							
1400	Summer School Programs	\$0							
Total Instruction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	\$0							
2120	Guidance Services	\$0							
2130	Health Services	\$0							
2140	Psychological Services	\$0							
2150	Speech Pathology and Audiology Services	\$0							
2160	Other Student Treatment Services	\$0							
2190	Service Direction, Student Support Services	\$0							
2210	Improvement of Instruction Services	\$0							
2220	Educational Media Services	\$0							
2230	Assessment & Testing	\$0							
2240	Instructional Staff Development	\$0							
2310	Board of Education Services	\$0							
2320	Executive Administration Services	\$0							
2410	Office of the Principal Services	\$0							
2490	Other Support Services - School Administration	\$0							
2510	Direction of Business Support Services	\$0							
2520	Fiscal Services	\$0							
2540	Operation and Maintenance of Plant Services	\$0							
2550	Student Transportation Services	\$0							
2570	Internal Services	\$0							
2610	Direction of Central Support Services	\$0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical	\$0							
2630	Information Services	\$0							
2640	Staff Services	\$0							
2660	Technology Services	\$0							
2670	Records Management Services	\$0							
2690	Other Support Services - Central	\$0							
2700	Supplemental Retirement Program	\$0							
Total Support Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	\$0							
3200	Other Enterprise Services	\$0							
3300	Community Services	\$0							
3500	Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	\$0							
4120	Site Acquisition and Development Services	\$91,506			\$35,019		\$56,487		
4150	Building Acquisition, Construction, and Improvement Services	\$10,050,019	\$10,459	\$2,577	\$3,331,391	\$1,456	\$6,596,208	\$107,927	
4180	Other Capital Items	\$0							
4190	Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures		\$10,141,525	\$10,459	\$2,577	\$3,366,409	\$1,456	\$6,652,695	\$107,927	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	\$0							
5200	Transfers of Funds	\$0							
5300	Apportionment of Funds by ESD	\$0							
5400	PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total		\$10,141,525	\$10,459	\$2,577	\$3,366,409	\$1,456	\$6,652,695	\$107,927	\$0

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	\$522,179
Function 2550	\$0.00

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$0.00

- 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, Oregon, (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 9, 2019. 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 grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 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 audit, 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 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 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 or over compliance.

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 State of Oregon and is not intended to be and should not be used by anyone other than these parties.

Stewart C. Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 9, 2019

Items required by the Uniform Guidance



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**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, 2019, 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 9, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Stewart C. Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 9, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY 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 each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are 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 each of the District's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major 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 each of its major federal programs for the year ended June 30, 2019.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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.

 Stewart C. Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 9, 2019

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture				
Passed through Oregon Department of Education:				
School Breakfast Program (SBP)	10.553		N/A	\$ 215,387
National School Lunch Program (NSLP)	10.555		N/A	692,099
Commodities NSLP	10.555		N/A	85,879
Summer Food Service Program for Children (SFSPC)	10.559		N/A	27,117
Total Child Nutrition Cluster				<u>1,020,482</u>
Child and Adult Care Food Program	10.558		N/A	82,907
Total CFDA 10.558				<u>82,907</u>
State Administrative Expenses for Child Nutrition	10.560		N/A	534
Total CFDA 10.560				<u>534</u>
Fresh Fruit and Vegetable Program	10.582		50588, 46339	23,639
Total CFDA 10.582				<u>23,639</u>
Passed through Southern Oregon Education Service District:				
Schools and Roads - Grants to States	10.665		N/A	28,261
Total CFDA 10.665				<u>28,261</u>
Total U.S. Department of Agriculture				\$ 1,155,822
U.S. Department of Education				
Passed through Oregon Department of Education:				
Title I Grants to Local Educational Agencies (16-17)	84.010		45668	\$ 142,692
Title I Grants to Local Educational Agencies (17-18)	84.010		50461	835,926
Total CFDA 84.010				<u>978,618</u>
Passed through Southern Oregon Education Service District:				
Migrant Education - State Grant Program	84.011		N/A	109,410
Total CFDA 84.011				<u>109,410</u>
Passed through Oregon Department of Education:				
Special Education - Grants to States (Extended Assessment)	84.027		49176	549
Special Education - Grants to States (SPR & I)	84.027		49592	3,227
Special Education - Grants to States (16-17)	84.027		45239	2,292
Special Education - Grants to States (17-18)	84.027		49937	405,079
Special Education - Grants to States (Enhancement 17-18)	84.027		46514	2,652
Special Education - Grants to States (Post School Outcomes)	84.027		52295	465
Special Education - Preschool Grants (16-17)	84.173		45481	5,124
Total Special Education Cluster (IDEA)				<u>419,388</u>
Grants to States (State Personnel Development)	84.323		47592	20,499
Total CFDA 84.323				<u>20,499</u>
English Language Acquisition State Grants (17-18)	84.365		44246	25,094
English Language Acquisition State Grants (18-19)	84.365		50279	17,196
Total CFDA 84.365				<u>42,290</u>
Supporting Effective Instruction State Grant (16-17)	84.367		41388	2,528
Supporting Effective Instruction State Grant (17-18)	84.367		45884	65,754
Supporting Effective Instruction State Grant (18-19)	84.367		49381	45,200
Total CFDA 84.367				<u>113,482</u>
Student Support and Academic Enrichment Program	84.424		50797	29,423
Total CFDA 84.424				<u>29,423</u>
Total U.S. Department of Education				\$ 1,713,110
U.S. Department of Health and Human Services				
Passed Through Oregon Department of Education:				
Foster Care - Title IV-E	93.568		47510	\$ 1,776
Total CFDA 93.658				<u>1,776</u>
Total U.S. Department of Health and Human Services				\$ 1,776
Total Expenditures of Federal Awards				\$ 2,870,708

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2019

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, 2019. 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, 2019, the District received food commodities totaling \$85,879.

NOTE E – SUBRECIPIENTS:

There were no awards passed through to subrecipients.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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 Required by the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance for the major federal award programs 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 programs tested as major programs include:

U.S. Department of Education:

Title I Grants to Local Education Agencies

CFDA #84.010

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