

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
ROGUE RIVER, OREGON**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION**

**YEAR ENDED JUNE 30, 2022
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP

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**JACKSON COUNTY SCHOOL DISTRICT NO. 35
ROGUE RIVER, OREGON
JUNE 30, 2022**

Administrative Office:

1898 E. Evans Creek Road
Rogue River, Oregon 97537

BOARD OF DIRECTORS AS OF JUNE 30, 2022

Bruce Sund	Chairman
Erin Poston	Vice- Chairperson
Heather Friend	Director
Mysti Jacob	Director
Jay Chick	Director

All Board Members receive mail at the address listed above.

ADMINISTRATIVE STAFF

Patrick Lee	Superintendent
Don Sweeney	Business Manager

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
ROGUE RIVER, OREGON
YEAR ENDED JUNE 30, 2022**

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ROGUE RIVER, OREGON
YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Jackson County School District No. 35, Oregon, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, certain pension schedules, certain other post-employment benefit schedules, and the general and major special revenue governmental funds budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, pension schedules, and other post-employment benefit 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 management's discussion and analysis, pension schedules, and other post-employment benefit schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The general and special revenue major governmental funds budgetary comparison information 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 and major special revenue governmental funds budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 listed in the Table of Contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information and 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 12, 2022 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 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 12, 2022 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 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.



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

As management of Rogue River School District No. 35 (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, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements. It should also be noted that all amounts included in text below are rounded for ease of reading.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2022 by \$5.49 million. Of this amount, \$8.40 million represents the District's net investment in capital assets, \$29 thousand is restricted for debt service, \$63 thousand is restricted for scholarships, \$52 thousand is restricted for grants, \$306 thousand is restricted for capital projects, and \$170 thousand is restricted for the student body, leaving a negative \$3.53 million balance in unrestricted funds.
- For the fiscal year ended June 30, 2022, the District's total net position increased by \$1.37 million. In the prior year, the District's total net position decreased by \$418 thousand.
- The District has increased its total expenditures from the prior year, \$15.98 million to \$16.61 million. In addition, District revenues increased from \$15.56 million to \$17.98 million.
- The District's governmental funds reported combined ending fund balance of \$4.01 million, a increase of \$382 thousand in comparison to the prior year. Approximately 84 percent of this total amount, \$3.37 million, is available for spending to meet ongoing commitments and obligations of the District.
- At the end of the fiscal year, fund balance for the General Fund was \$2.13 million, up from \$1.93 million in the prior year, an increase of about 10 percent. Unassigned fund balance in the General Fund represented about 17.6 percent of total General Fund expenditures, up from 16.6 percent in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are 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
- 3) Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The Statement of Net Position. The *Statement of Net Position* presents information on all of the assets, deferred outflows, liabilities and deferred inflows of the District at year end. Net position is what remains after the liabilities and deferred inflows have been paid or otherwise satisfied. 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The Statement of Activities. 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.* All 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 as listed in the Table of Contents of this report.

Fund financial statements

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 funds of the District can be divided into two categories: governmental funds and internal service funds.

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.

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 Revenue, Debt Service, and Capital Projects Funds, all of which are considered to be major funds.

The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Internal service funds. This fund type is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District maintains one internal service fund to account for claims and other risk management costs not otherwise covered through unemployment costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements and internal activity has been eliminated. The basic internal service fund financial statements can be found as listed in the table of contents of this report. Individual fund data for the internal service fund is provided as Supplemental Information in this report.

Notes to the basic financial statements

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 as listed in the Table of Contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* displaying certain budgetary comparison schedules and benefit schedules. Required Supplementary Information can be found as listed in the Table of Contents of this report.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets/deferred outflows exceeded liabilities/deferred inflows by \$5.49 million at June 30, 2022. At June 30, 2021 District assets/deferred outflows exceeded liabilities/deferred inflows by \$4.12 million. The increase in net position can be attributed to the decrease in other liabilities related to pensions and other post-employment health care benefits.

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2022	June 30, 2021	June 30, 2021
Assets:			
Current assets	\$ 5,269	\$ 4,845	\$ 424
Capital assets	9,686	9,367	319
Other assets	150	98	52
Total assets	<u>15,105</u>	<u>14,310</u>	<u>795</u>
Deferred outflows	<u>4,575</u>	<u>4,766</u>	<u>(191)</u>
Total assets and deferred outflows	<u>19,680</u>	<u>19,076</u>	<u>604</u>
Liabilities:			
Current liabilities	1,002	982	20
Other liabilities	6,929	12,323	(5,394)
Long-term liabilities	1,284	1,227	57
Total liabilities	<u>9,215</u>	<u>14,532</u>	<u>(5,317)</u>
Deferred inflows	<u>4,971</u>	<u>421</u>	<u>4,550</u>
Total liabilities and deferred inflows	<u>14,186</u>	<u>14,953</u>	<u>(767)</u>
Net position:			
Net investment in capital assets	8,402	8,140	262
Restricted	620	543	77
Unrestricted	(3,528)	(4,560)	1,032
Total net position	<u>\$ 5,494</u>	<u>\$ 4,123</u>	<u>\$ 1,371</u>

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Net position increased by \$1.37 million from the prior year.

Capital assets, which consist of the District's land, buildings and improvements, vehicles and equipment, and right-of-use assets, represent about 49 percent of total assets/deferred outflows. The remaining assets consist mainly of cash and investments, grants and property taxes receivable, prepaid expenses and deferred outflows related to pensions and other postemployment benefits. Deferred amounts related to pensions and other postemployment benefits of \$4.58 million represent 23% of total assets and deferred outflows.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The District's largest liability is the net pension liability (OPERS), it represents 43 percent of the total liabilities and deferred inflows of resources. The remaining liabilities/deferred inflows are made up of short-term accounts payable, deposits payable, unearned grant revenue, accrued salaries and benefits, bonds and leases payable, and deferred amounts related to pensions and other postemployment benefits.

The District implemented GASB 87 in the current year. The implementation required the recognition of a contract that transfers the rights to use another entity's assets for a specific period of time in an exchange or exchange-like transaction. There were multiple additions in the current year which led to an increase in capital assets and long-term liabilities.

A large portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. As previously stated, all District activities are governmental in nature, and during the current fiscal year, the District's net position increased by \$1.37 million. The increase can be primarily attributed to the increase in operating grants and contributions.

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2022	June 30, 2021	June 30, 2021
Revenues:			
Program revenues:			
Charges for service	\$ 117	\$ 42	\$ 75
Operating grants and contributions	4,503	2,701	1,802
General revenues:			
Property taxes	4,372	4,283	89
State school fund - general support	8,684	8,276	408
Other federal, state and local sources	163	170	(7)
Earnings on investments	29	44	(15)
Miscellaneous	115	44	71
Total revenues	<u>17,983</u>	<u>15,560</u>	<u>2,423</u>
Expenses:			
Instruction	10,391	9,909	482
Support services	5,749	5,733	16
Enterprise and community services	433	270	163
Facilities acquisition and construction	-	31	(31)
Interest on long-term debt	39	35	4
Total expenses	<u>16,612</u>	<u>15,978</u>	<u>634</u>
Change in net position	<u>\$ 1,371</u>	<u>\$ (418)</u>	<u>\$ 1,789</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, fund balance may serve as a useful measure of a government's net resource's available for spending at the end of a fiscal year.

At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$3.99 million, an increase of \$363 thousand in comparison with the prior year. About \$3.37 million (84 percent) of the ending fund balance constitutes amounts which are available for spending at the District's discretion. About 8 percent of combined ending fund balance is restricted for capital projects (\$306 thousand).

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2022, fund balance was \$2.13 million. The fund balance increased by approximately \$202 thousand during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance of \$2.13 million represents about 17.6 percent of total General Fund expenditures.

Special Revenue Fund. The Special Revenue Fund had a total fund balance of \$1.65 million, of which none is unassigned. The net increase in fund balance during the current year was \$201 thousand. The Committed fund balance of \$682 thousand represents amounts reserved for capital improvements, food service, and pension reserve. The Assigned fund balance of \$556 thousand represents amounts held for school improvement. The remaining \$410 thousand is legally restricted for specific purposes.

Debt Service Fund. The Debt Service Fund had a total fund balance of \$29 thousand, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$21 thousand.

Capital Projects Fund. The Capital Projects Fund had a total fund balance of \$181 thousand, all of which is restricted. The fund was established during the 2018 fiscal year in connection with the issuance of general obligation debt.

CURRENT ECONOMIC FACTORS

Currently Rogue River School District is in the process of rebuilding its student enrollment back to where it was at the time of the 2020 Covid-19 school closures. In March of 2020 when the Covid-19 closures happened Rogue River School District had 904 students enrolled. In March of 2022 the district had 811 students enrolled, this was a low point for enrollment for the district after the covid-19 closures. The 2022-23 school year will be the first year since 2020 that would be considered a normal school year. In November of 2022 the district has an enrollment of 872 students and is slowly adding students each month. The district is optimistic that by the end of the 23-24 school year enrollment will be over 900 students again. The 23-24 school year is the last year the district will have ESSER funds available from the federal government to offset enrollment losses and additional expenses incurred from Covid-19. The district has been executing its long-term plan for the last year to wean itself from the additional ESSER funding it received. Currently the district is on pace to mitigate the financial disruptions caused by Covid-19 and return to where it was pre Covid-19 by 2024.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 Business Manager at 1898 E. Evans Creek Road, Rogue River, Oregon 97537.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS:	
Cash, cash equivalents and investments	\$ 4,012,253
Receivables	1,253,765
Prepaid expenses	3,311
Capital assets, net	9,686,174
Other post-employment asset (RHIA)	149,546
TOTAL ASSETS	15,105,049
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	4,342,411
Deferred outflows related to pensions (early retirement stipend benefit plan)	23,843
Deferred outflows related to other post-employment benefits (single-employer defined benefit plan)	199,395
Deferred outflows related to other post-employment benefits (RHIA)	9,489
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,575,138
TOTAL ASSETS AND DEFERRED OUTFLOWS	19,680,187
LIABILITIES:	
Accounts payable	126,864
Accrued salaries and benefits	762,392
Unearned revenue	112,764
Deposits payable	250
Net pension liability (OPERS)	6,137,055
Other post employment benefit obligation (OPEB)	722,922
Early retirement stipend pension plan obligation	68,758
Bonds payable	
Due within one year	627,224
Lease liability	
Due within one year	254,449
Due in more than one year	402,199
TOTAL LIABILITIES	9,214,877
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (OPERS)	4,824,365
Deferred inflows related to other post-employment benefits (single-employer defined benefit plan)	100,699
Deferred inflows related to other post-employment benefits (RHIA)	45,526
TOTAL DEFERRED INFLOWS OF RESOURCES	4,970,590
TOTAL LIABILITIES AND DEFERRED INFLOWS	14,185,467
NET POSITION:	
Net investment in capital assets	8,402,302
Restricted for debt service	29,017
Restricted for scholarships	62,743
Restricted for grants	52,381
Restricted for capital projects	305,690
Restricted for student body	169,868
Restricted for food service	172,413
Unrestricted	(3,699,694)
TOTAL NET POSITION	\$ 5,494,720

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 10,392,236	\$ 80,647	\$ 3,083,886	\$ (7,227,703)
Supporting services	5,749,238	26,394	1,033,363	(4,689,481)
Enterprise and community services	432,755	10,346	386,364	(36,045)
Interest on long-term debt	38,917	-	-	(38,917)
Total governmental activities	<u>\$ 16,613,146</u>	<u>\$ 117,387</u>	<u>\$ 4,503,613</u>	<u>(11,992,146)</u>
General revenues:				
Property taxes levied for general purposes				3,790,483
Property taxes levied for debt service				581,554
Construction excise tax				51,705
State school fund - general support				8,683,969
Common school fund				100,016
Federal forest fees				11,662
Earnings on investments				28,660
Miscellaneous				<u>115,348</u>
Total general revenues				<u>13,363,397</u>
CHANGE IN NET POSITION				<u>1,371,251</u>
NET POSITION - JULY 1, 2021				<u>4,123,469</u>
NET POSITION - JUNE 30, 2022				<u><u>\$ 5,494,720</u></u>

FUND FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 35
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Equity in pooled cash, cash equivalents and investments	\$ 2,896,025	\$ 777,807	\$ 23,488	\$ 180,657	\$ 3,877,977
Property taxes receivable	159,199	-	24,443	-	183,642
Receivables	3,965	1,066,158	-	-	1,070,123
Prepaid	3,311	-	-	-	3,311
TOTAL ASSETS	\$ 3,062,500	\$ 1,843,965	\$ 47,931	\$ 180,657	\$ 5,135,053
LIABILITIES:					
Accounts payable	\$ 43,849	\$ 83,015	\$ -	\$ -	\$ 126,864
Accrued salaries and benefits	762,392	-	-	-	762,392
Deposits payable	250	-	-	-	250
Unearned revenue	-	112,764	-	-	112,764
TOTAL LIABILITIES	806,491	195,779	-	-	1,002,270
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	123,186	-	18,914	-	142,100
TOTAL DEFERRED INFLOWS OF RESOURCES	123,186	-	18,914	-	142,100
Non-spendable	3,311	-	-	-	3,311
Restricted:					
Debt service	-	-	29,017	-	29,017
Scholarships	-	62,743	-	-	62,743
Grants	-	52,381	-	-	52,381
Student body	-	169,868	-	-	169,868
Capital projects	-	125,033	-	180,657	305,690
Food service	-	172,413	-	-	172,413
Committed:					
PERS reserve	-	500,000	-	-	500,000
Capital outlay	-	9,693	-	-	9,693
Assigned	-	556,055	-	-	556,055
Unassigned	2,129,512	-	-	-	2,129,512
Total fund balances	2,132,823	1,648,186	29,017	180,657	3,990,683
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,062,500	\$ 1,843,965	\$ 47,931	\$ 180,657	\$ 5,135,053

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022**

TOTAL FUND BALANCES	\$ 3,990,683
Capital assets are not financial resources and therefore are not reported in the governmental funds.	9,686,174
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.	142,100
The combined net position of the internal service fund is not part of the governmental fund balance, but it is controlled by the District, and therefore included on the government-wide Statement of Net Position.	134,276
The asset associated with the District's other post-employment benefit (RHIA) is not recorded in the governmental funds as it is not available currently.	149,546
The net deferred outflow/(inflow) associated with the District's pension and other post-employment benefits is not recorded in the governmental funds as it is not available nor payable currently.	(395,452)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due.	
These liabilities consist of:	
Long-term debt obligations	(627,224)
Lease liability	(656,648)
Net pension liability	(6,137,055)
Other postemployment benefits	(722,922)
Early retirement benefits (stipend)	(68,758)
	<u>(8,212,607)</u>
TOTAL NET POSITION	<u>\$ 5,494,720</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Construction excise taxes	\$ -	\$ 51,705	\$ -	\$ -	\$ 51,705
Property taxes	3,780,688	-	581,037	-	4,361,725
Basic school support	8,680,308	3,661	-	-	8,683,969
Intergovernmental	260,934	4,153,511	-	-	4,414,445
Charges for services	501	116,886	-	-	117,387
Donations	-	209,810	-	-	209,810
Interest on investments	24,176	930	2,466	1,088	28,660
Miscellaneous	31,550	74,834	-	-	106,384
TOTAL REVENUES	12,778,157	4,611,337	583,503	1,088	17,974,085
EXPENDITURES					
Current					
Instruction	7,183,407	3,270,730	-	-	10,454,137
Support services	4,938,150	1,084,844	-	-	6,022,994
Enterprise and community services	-	420,234	-	-	420,234
Facilities and acquisition	-	89,487	-	-	89,487
Debt service	-	-	623,792	-	623,792
TOTAL EXPENDITURES	12,121,557	4,865,295	623,792	-	17,610,644
Excess (Deficiency) of Revenues Over Expenditures	656,600	(253,958)	(40,289)	1,088	363,441
OTHER FINANCING SOURCES (USES):					
Interfund transfers	(455,000)	455,000	-	-	-
TOTAL OTHER FINANCING SOURCES	(455,000)	455,000	-	-	-
NET CHANGE IN FUND BALANCE	201,600	201,042	(40,289)	1,088	363,441
FUND BALANCE, July 1, 2021	1,931,223	1,447,144	69,306	179,569	3,627,242
FUND BALANCE, June 30, 2022	\$ 2,132,823	\$ 1,648,186	\$ 29,017	\$ 180,657	\$ 3,990,683

JACKSON COUNTY SCHOOL DISTRICT NO. 35
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

NET CHANGE IN FUND BALANCE	\$ 363,441
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(580,559)
Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.	
Debt principal repaid	599,985
Leases payable	242,670
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.	10,312
The change in net position from the activity in the internal service fund is not included in the governmental fund financial statements, but is included in the government-wide Statement of Activities as the District has control of the funds.	30,745
The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows).	91,731
The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).	26,640
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 is reported as pension expense. (OPERS and stipend including deferred outflows and inflows).	586,286
CHANGE IN NET POSITION	\$ 1,371,251

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2022

	<u>Internal Service Fund</u>
ASSETS:	
Equity in pooled cash, cash equivalents and investments	\$ 134,276
TOTAL ASSETS	<u>\$ 134,276</u>
NET POSITION:	
Fund Balances:	
Unrestricted	<u>134,276</u>
TOTAL NET POSITION	<u>\$ 134,276</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Internal Service Fund</u>
OPERATING REVENUES:	
Charges for services (interfund)	<u>\$ 33,744</u>
TOTAL OPERATING REVENUES	<u>33,744</u>
EXPENDITURES	
Current:	
Support services	<u>2,999</u>
TOTAL EXPENDITURES	<u>2,999</u>
OPERATING INCOME	<u>30,745</u>
CHANGE IN NET POSITION	30,745
NET POSITION, July 1, 2021	<u>103,531</u>
NET POSITION, June 30, 2022	<u><u>\$ 134,276</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash from interfund services provided	\$ 33,744
Cash paid to claimants	(2,999)
Cash paid for services	<u>(3,120)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>27,625</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,625
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>106,651</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 134,276</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ 30,745
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Change in assets and liabilities:	
Accounts payable	<u>(3,120)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 27,625</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies

The financial statements of Jackson County School District No. 35 (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. 35, Rogue River, 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 five-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 other 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, material, 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.

Separate financial statements are presented for governmental funds and internal service funds.

Net Position is reported as restricted when constraints placed on asset use are 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. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

The District reports the following as 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 - This 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 - This Debt Service Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue source is 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.

Additionally, the District reports the following fund:

Internal Service Fund - This fund is used to report activities that provide supplies and services on a cost reimbursement basis for the District's other programs and activities. The District currently has one internal service fund - the Unemployment Fund. Internal activity is eliminated on the government-wide financial statements.

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 leases are reported as other financing sources.

The Internal Service Fund is reported using the economic resources measurement focus and the accrual basis of accounting.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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 certificates of deposit. Changes in the fair value of investments are recorded as investment earnings.

The LGIP is stated at amortized 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.

Leases

Leases are recognized in accordance with GASB Statement No. 87, Leases.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments include fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Leases (continued)

The District has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the District will report inflows of cash for lessor leases and outflows of cash for lessee leases.

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	-	10 to 40 years
Vehicles and equipment	-	5 to 10 years
Right-of-use assets	-	Depends on life of the lease

Self-Insurance

The Internal Service Fund (Unemployment Fund) addresses the various types of risk faced by the District. The District provides currently for potential losses to be incurred from pending claims.

Pensions

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

Post Employment Stipend Benefits

Eligible employees who elect early retirement are entitled to stipend payments. Such costs are recorded as expenses in the General Fund and funded as stipend benefits become due.

Post-Employment Health Care Benefits

Eligible employees who elect early retirement are entitled to payment of group medical insurance premiums. In the Government-wide financial statements, the District reports its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the Governmental Funds and funded as premiums become due.

Additionally, 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

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 District-wide financial statements. A liability for these amounts is reported in the governmental funds once they have matured.

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 post-employment 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 (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 post-employment 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 post-employment benefits, are reported in the government-wide statement of net position.

Long-term Debt

The District reports long-term debt of governmental activities at face value in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums and discounts received on debt issuances, and deferred charges are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

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 increased 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.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

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

Non-Spendable – Includes items not immediately converted 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 Directors, by formal board action.

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

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

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

The District has established a policy to maintain a minimum of 6% of the General Fund's annual operating expenditures in fund balance at year end. The District believes a reserve of this level is prudent to maintain a high bond rating, to provide for unexpected emergencies, and to protect the District from the effects of fluctuations in state and federal funding.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

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. The District did not exceed its appropriations for the year ended June 30, 2022.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, 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. Appropriations lapse at the end of each fiscal year.

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 Board may authorize some transfers of appropriation authority by passing a resolution or ordinance. A transfer of appropriation authority is a decrease of one existing appropriation and a corresponding increase of another existing appropriation, with no net change in the total amount of all appropriations. However, a resolution may not be used to authorize the creation of a new appropriation category that does not already exist without approving a supplemental budget.

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 year ended June 30, 2022, the District implemented the following GASB Pronouncements:

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. The implementation of this pronouncement had no effect on net position. There was an initial Lease Liability and Right-of-Use Asset recorded in the amount of \$899,318.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Adoption of New GASB Pronouncements (continued)

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. There is no effect on the District's financial statements as a result of this statement.

GASB Statement No 92, *Omnibus 2020*. Issued January 2020, this statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, post-employment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The is no effect on the District's financial statements as a result of this statement

Future Adoption of GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2022:

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 the fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement will be effective for the District for the fiscal year ending June 30, 2023.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the District for the fiscal year ending June 30, 2025.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Note 2 - Cash and Investments

Cash and investments are comprised of the following at June 30, 2022:

Petty cash	\$ 1,022
Carrying amount of demand deposits	521,677
Certificates of deposit	32,455
Carrying amount of investments	<u>3,457,099</u>
Total cash and investments	<u><u>\$ 4,012,253</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Cash and Investment (continued)

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

Cash, cash equivalents, and investments	<u>\$ 4,012,253</u>
Total cash, cash equivalents, and investments	<u><u>\$ 4,012,253</u></u>

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, 2022. 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 and certificates of deposit. For the year ended June 30, 2022, the bank balances were \$693,661. All deposits are held in the name of the District. At June 30, 2022, the District had \$443,661 in deposits that were not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

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 2022. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Cash and Investment (continued)

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 of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2022, 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. The District has no such investments.

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.

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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 - Cash and Investment (continued)

Investments Measured at Fair Value:	Totals at June 30, 2022	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government					
Investment Pool	\$ 3,457,099	\$ -	\$ -	\$ -	\$ 3,457,099
Certificates of deposit	32,455	-	-	-	32,455
	<u>\$ 3,489,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,489,554</u>

At June 30, 2022, the District's investments had the following maturities:

	Investments	Investment Maturities		
		Less than 1 year	1-5 years	6-10 years
Local Government				
Investment Pool	\$ 3,457,099	\$ 3,457,099	\$ -	\$ -
Certificates of deposit	32,455	22,000	10,455	-
	<u>\$ 3,489,554</u>	<u>\$ 3,479,099</u>	<u>\$ 10,455</u>	<u>\$ -</u>

Note 3 - Receivables

At June 30, 2022, the District's receivables are comprised of the following:

	Property Taxes	Grants/Other	Total
General Fund	\$ 159,199	\$ 3,965	\$ 163,164
Special Revenue Fund	-	1,066,158	1,066,158
Debt Service Fund	24,443	-	24,443
	<u>\$ 183,642</u>	<u>\$ 1,070,123</u>	<u>\$ 1,253,765</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021 as restated	Additions	Transfers/ Deletions	Balance June 30, 2022
Capital assets not being depreciated or amortized				
Land	\$ 286,801	\$ -	\$ -	\$ 286,801
Total capital assets not being depreciated or amortized	286,801	-	-	286,801
Capital assets being depreciated or amortized				
Buildings and improvements	18,177,735	115,451	-	18,293,186
Vehicles and equipment	207,680	44,251	(43,000)	208,931
Right-of-use	899,318	-	-	899,318
Total capital assets being depreciated or amortized	19,284,733	159,702	(43,000)	19,401,435
Less accumulated depreciation or amortization for:				
Buildings and improvements	(9,151,948)	(467,582)		(9,619,530)
Vehicles and equipment	(152,853)	(16,965)	43,000	(126,818)
Right-of-use	-	(255,714)	-	(255,714)
Total accumulated depreciation or amortization	(9,304,801)	(740,261)	43,000	(10,002,062)
Total capital assets (net)				
Land	286,801	-	-	286,801
Buildings and improvements	9,025,787	(352,131)	-	8,673,656
Vehicles and Equipment	54,827	27,286	-	82,113
Right-of-use	899,318	(255,714)	-	643,604
Total capital assets (net)	\$ 10,266,733	\$ (580,559)	\$ -	\$ 9,686,174

Depreciation and amortization expense for the fiscal year was \$740,261 and was allocated to the various functions as follows:

Instruction	\$ 458,961
Supporting Services	266,494
Community Services	14,806
Total	<u>\$ 740,261</u>

Right-of-Use assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet. This recognition is new for the current fiscal year due to the implementation of GASB 87. Further information on these transactions can be found in Note 6.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 4 - Capital Assets (continued)

Lease right-of-use assets at June 30, 2022 consisted of the following:

	Balance June 30, 2021 as restated	Additions	Transfers/ Deletions	Balance June 30, 2022
Leased assets being amortized				
Buildings and improvements	\$ 306,433	\$ -	\$ -	\$ 306,433
Vehicles and equipment	592,885	-	-	592,885
Total leased assets being amortized	899,318	-	-	899,318
Less accumulated amortization for:				
Buildings and improvements	-	(61,287)	-	(61,287)
Vehicles and equipment	-	(194,427)	-	(194,427)
Total accumulated amortization	-	(255,714)	-	(255,714)
Total leased assets (net)				
Buildings and improvements	306,433	-	-	306,433
Vehicles and equipment	592,885	-	-	592,885
Total leased assets (net)	<u>\$ 899,318</u>	<u>\$ (255,714)</u>	<u>\$ -</u>	<u>\$ 643,604</u>

Note 5 - Interfund Transfers

Inter-fund transfers for the year ended June 30, 2022 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 455,000
Special Revenue Fund	455,000	-
Total Transfers	<u>\$ 455,000</u>	<u>\$ 455,000</u>

The District made transfers from the General Fund to the Special Revenue Fund for the purpose of funding maintenance, technology, vehicle, sport, and classroom related expenses.

Note 6 - Leases Payable

The District is the lessee under eight non-cancellable lease agreements related to buildings, student transportation, copiers and postage machines. Of these, all are qualified leases under GASB Statement No. 87 with periods covering various ranges and the latest expiring on June 30, 2026, including extension options which are expected to be exercised. Monthly payments for the current year range from \$109 to \$15,500, with an interest rate of 1.97%.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 6 - Leases Payable (continued)

During the year ended June 30, 2022, lease principal and interest payments of \$242,670 and \$15,110 were made, respectively. Lease payable at June 30, 2022 consisted of the following:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 254,449	\$ 10,212	\$ 264,661
2024	262,538	5,112	267,650
2025	73,015	1,967	74,982
2026	66,646	621	67,267
	\$ 656,648	\$ 17,912	\$ 674,560

Variable payments related to lease agreements that are qualified leases under GASB 87 are not included in the measurement of the lease liability. During the year ended June 30, 2022, the District paid \$899,293 in variable payments related to the qualified lease for student transportation services.

Note 7 - 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 in unearned revenue. At June 30, 2022, the various components of unavailable and unearned revenue included in the governmental funds' Balance Sheet consists of the following:

	Unavailable	Unearned	Total
General Fund			
Property taxes	\$ 123,186	\$ -	\$ 123,186
Special Revenue Fund			
Grants	-	112,764	112,764
Debt Service Fund			
Property taxes	18,914	-	18,914
Total	\$ 142,100	\$ 112,764	\$ 254,864

Note 8 - Long-Term Debt

On August 3, 2017, the District issued a \$3,335,000 General Obligation Bond. The purpose of the bond is to finance the upgrade of HVAC systems, address deferred maintenance, energy savings upgrades, and improvements to comply with ADA requirements. The agreement contains a provision that in an event of default, the Bank may exercise any remedy available at law, however the payments are not subject to acceleration. In addition, while the event of default is continuing, the interest rate will increase by 1.50%.

Principal payments are due annually on June 15 for six years, ending in fiscal year 2023. Interest is fixed at 1.94% and is paid semi-annually, in June and December. For the year ended June 30, 2022, interest expense was \$23,807.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 8 - Long-Term Debt (continued)

The changes in bond principal for the year ended June 30, 2022 is as follows:

	Outstanding July 1, 2021	Issued	Matured	Outstanding June 30, 2022	Due in One Year
<i>General Obligation Bonds</i>					
2017 Series (direct placement)	\$ 1,227,209	\$ -	\$ (599,985)	\$ 627,224	\$ 627,224

Annual debt service requirements associated with the bond are as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 627,224	\$ 12,168
	<u>\$ 627,224</u>	<u>\$ 12,168</u>

Note 9 - Defined Pension Benefit Plan

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). 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 provides a single-employer defined benefit early retirement supplemental plan. This plan covers all eligible Certified employees that were hired by the District prior to July 1, 1995, and retiring with at least 15 years of service with the District. Benefits for all employees continue for a maximum of 7 years and cease at age 65 or upon death of the retiree. The monthly benefit is 0.75% of the last year's teaching salary which does not include extra duty or extended day contracts. This program was established in accordance with negotiated employment contracts. The District does not issue a stand-alone report for this plan.

Funding Policy

The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Defined Pension Benefit Plan (continued)

Employees Covered by Benefit Terms

As of the measurement date, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Active plan members	<u>1</u>
	<u><u>5</u></u>

Total Stipend Pension Liability

The District's total stipend pension liability of \$68,758 was measured as of June 30, 2022 and was determined by an actuarial valuation date as of July 1, 2021.

Actuarial Methods and Assumptions

The actuarial valuation used for the early retirement stipend pension plan is identical to the actuarial valuation details related to the single employer defined benefit health plan disclosed in *Note 10 – Postemployment Benefits Other Than Pensions (OPEB)*.

Changes in the Total Stipend Pension Liability

Total stipend pension liability at June 30, 2021	\$	100,074
Service cost		549
Interest		1,837
Effect of economic/demographic gains or losses		1,365
Changes of assumptions		111
Benefit payments		<u>(35,178)</u>
Total stipend pension liability at June 30, 2022	<u>\$</u>	<u>68,758</u>

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate

The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total stipend pension liability	\$ (70,354)	\$ (68,758)	\$ (67,188)

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Defined Pension Benefit Plan (continued)

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized a reduction in stipend pension expense of \$19,981. The reduction of pension expense was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 67%, 32%, and 1% respectively.

At June 30, 2022, the District reported the following deferred outflows or inflows associated with its stipend pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ -
Contributions subsequent to measurement date	23,843	-
Total	<u>\$ 23,843</u>	<u>\$ -</u>

The \$23,843 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 total pension liability in the year ended June 30, 2023.

OPERS Plan

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 238A, 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Defined Pension Benefit Plan (continued)

Tier One/Tier Two (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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation in later years.

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

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

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying global equity investments of that account.

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Defined Pension Benefit 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.

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation each year.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

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

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent.

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

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

Employer Contributions - OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans.

Employer contributions during the period July 1, 2021 through June 30, 2023, were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. For the period July 1, 2021 through June 30, 2022, net employer contribution rates were 26.83% for Tier 1/Tier 2 employees and 23.72% for OPSRP General Employees. Employer contributions for the year ended June 30, 2022 were \$1,538,619.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 9 - Defined Pension Benefit Plan (continued)

Pension Plan Annual Comprehensive Financial Report (ACFR) –

OPERS prepares their financial statements in accordance with generally accepted accounting principles in the United States of America as set forth in Governmental Accounting Standards Board (GASB) pronouncements that apply to governmental accounting for fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

OPERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

Actuarial Valuation –

The employer contribution rates effective July 1, 2021 through June 30, 2023, 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 the member's 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, 2019
Measurement date	June 30, 2021
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return ¹	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Defined Pension Benefit Plan (continued)

Actuarial Valuation – (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability

Assumed Asset Allocation -

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt Securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Alternative equity	15.00%
Opportunity portfolio	2.50%
Total	<u>100.00%</u>

Investment Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Pension Plan (continued)

Investment Rate of Return – (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
Cash	-2.50%	1.76%
Total	<u>100%</u>	
Assumed inflation - mean		2.40%

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At June 30, 2022, the District reported a liability of \$6,137,055 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. 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, 2021 (measurement date), the District's proportion was approximately 0.05128538 percent.

For the year ended June 30, 2022, the District recognized a reduction in pension expense of \$566,305. The \$566,305 was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 67%, 32%, and 1% respectively.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Pension Plan (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (continued)

At June 30, 2022, 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:	\$ 574,468	\$ -
Changes of assumptions:	1,536,290	16,151
Net difference between projected and actual earnings on investments:	-	4,543,214
Changes in proportionate share:	143,164	265,000
Differences between employer contributions and employer's proportionate share of system contributions:	549,870	-
Contributions subsequent to measurement date:	1,538,619	-
Total	<u>\$ 4,342,411</u>	<u>\$ 4,824,365</u>

The \$1,538,619 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

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

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2023	\$ (230,217)
2024	(308,631)
2025	(585,091)
2026	(1,053,500)
2027	156,866
Thereafter	-
Total	<u>\$ (2,020,573)</u>

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 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 one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate:

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension	\$ (12,051,707)	\$ (6,137,055)	\$ (1,188,637)

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Pension Plan (continued)

Changes in Assumptions

A summary of key changes implemented since the December 31, 2019 valuation are noted below. Additional detail and list of changes can be found in the 2020 Experience Study for the System, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

- Reduce the long-term inflation assumption from the current 2.50% to 2.40% or lower
- Reduce the system payroll growth assumption from the current 3.50% to 3.40% or lower, paralleling the change in inflation
- The current investment return assumption of 7.20% per year should be lowered at 0.20%, based on PERS' current target allocation
- Update the assumption for future administrative expenses and use a combined assumption amount for the Tier 1/Tier 2 and OPSRP programs
- Update the RHIPA health cost trend assumption
- Adjust the base mortality table assumption and make a routine update to the mortality improvement scale for all groups
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience
- Increase the merit component of the individual member salary increase assumption for all member categories
- Update pre-retirement termination of employment assumptions for one member category
- Lower assumed rates of ordinary (non-duty) disability and general service duty disability incidence
- Increase the Tier 1 unused vacation cash out assumption for three member categories
- Increase the Tier 1/Tier 2 unused sick leave assumption for all member categories
- Decrease the healthy and disabled likelihood of program participation assumptions for the RHIA retiree healthcare program
- Decrease the RHIPA likelihood of program participation assumption for most service bands
- Revise the parameters of the rate collar methodology to only restrict changes in the Unfunded Actuarial Liability (UAL) Rate contribution rate component and to narrow the width of allowable changes
- Introduce a methodology for UAL Rate amortization in the RHIA or RHIPA programs when one or both are in an actuarial surplus position (over 100% funded)
- Update the assumed system-average level of member redirect contributions to Tier 1/Tier 2 and OPSRP reflecting the projected effects of HB 2906, which passed in June 2021.

Defined Contribution Plan - Individual Account Program (IAP)

Pension Benefits. Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - Pension Plan (continued)

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

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

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

Contributions. Beginning January 1, 2004, all the member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index (All Urban Consumers, West Region).

During 2022, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2022 were \$355,679, of which \$302,990 was deposited into the individual members' accounts.

Note 10 - Postemployment Benefits Other Than Pensions (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, 2005 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 health benefits to eligible retirees and their dependents.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

For implicit medical benefits, the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.03, which requires that all eligible retirees and their dependents under age 65 are allowed to receive the same health care coverage as active employees. Employees must retire from active service while eligible for a pension benefit payable immediately under Oregon PERS. The implicit subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

Generally, for explicit medical benefits, the program covers retirees under the following eligibility criteria: Confidential and Administrative Employees hired before September 1, 1998 retiring with at least 8 years of service, Certified Employees hired before April 1, 1999 and retiring with at least 15 years of service, and full-time Classified Employees hired before July 1, 2005 and retiring with at least 20 years of service. The coverage is paid for seven 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.

Administrative and Confidential employees, as well as Certified Employees hired prior to July 1, 1995 receive 100% coverage for District-paid family medical, dental, and vision insurance. Certified Employees hired between July 1, 1995 and April 1, 1999, are subject to the District contribution cap of \$518 for employee or \$1,714 for family benefits for the fiscal year ended June 30, 2022. These caps are expected to inflate in future years. Classified Employees received a monthly benefit of \$225 toward payment of health care premiums.

For confidential employees hired prior to September 1, 1998, and retiring with at least 8 years of service, the District will pay for term life insurance coverage in the amount the retiree was receiving prior to retirement (generally \$50,000). These benefits continue for a maximum of 7 years and will cease at age 65.

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.

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, 2005. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2022, the following employees were covered by the explicit benefit terms:

Active plan members	114
Inactive employees or beneficiaries currently receiving benefit payments	9
Spouses entitled to but not yet receiving benefit payments	-
	<u>123</u>

Total OPEB Liability

The districts total OPEB liability of \$722,922 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2021.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

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	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	2.16% for year ended 2021. Amounts reflect 20-year GO Bond Index
General Inflation	Between 3.25% and 5.50% annually
Salary Scale	2.40% per year
Health Care Cost Trend	3.40% per year
Dental and Vision Trend	Maximum stipend amounts were not assumed to increase in future years.
Annual Premium Increase Rate	Life insurance coverage amounts were not assumed to increase in future years.
Mortality Rates	PUB-2010 Teacher Employee and Healthy Retiree tables
Withdrawal	Based upon OPERS assumption, annual rates are based on gender and duration of employment.
Retirement	Based upon OPERS assumption, annual rates are based on age, Tier / OPSRP, and duration of service.
Excluded Employees	Part-time employees not eligible to participate in OPERS or not eligible for health care benefits were generally excluded from valuation.
Past PERS Service	PERS service as of the valuation date was generally estimated based upon information provided by the District.
Future PERS Service	Projected PERS service for retirement eligibility is generally assumed to accrue at a rate of 1.0 per year until retirement.
Future Retiree Coverage	100% of active members eligible for District-paid health coverage are assumed to elect coverage upon retirement until age 65. 80% of these members are also assumed to elect spouse coverage.
Lapse Rate	Stipend Benefits were assumed to be paid as cash, and therefore subject to an additional 7.65% FICA tax.
Spouse Age	Retirees for whom the District will never pay any portion of the health care premiums are assumed to have a 5% probability of lapsing (dropping) coverage per year. Female spouses are assumed to be two years younger than male spouses. Male spouses were assumed to be two years older than their female spouses.

Changes in the Total OPEB Liability

Total OPEB Liability at June 30, 2021	\$ 812,792
Changes for the year:	
Service cost	63,147
Interest	17,629
Effect on economic/demographic gains or losses	(31,027)
Assumptions or other input	17,697
Benefit payments	(157,316)
Total OPEB Liability at June 30, 2022	<u>\$ 722,922</u>

Changes since prior valuation

Discount Rates	Updated to reflect the requirement of GASB 75 as well as economic conditions as of the measurement dates.
Expected Claims and Premiums	Updated to reflect changes in available benefits and premium levels. Expected retiree and dependent costs were updated to reflect current health cost guidelines.
Health Care Cost Trend	Health care cost trend was revised to reflect recent economic conditions, and is based on a model circulated by the Society of Actuaries.
Mortality, Retirement and Withdrawal Rates	Updated to reflect assumptions used in the Oregon PERS December 31, 2020 Actuarial Valuation.
General Inflation and Annual Salary Increases	Updated to reflect assumptions used in the Oregon December 31, 2020 Actuarial Valuation.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized a reduction of OPEB expense of \$91,731. The reduction of OPEB expense are treated as reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 67%, 32%, and 1% respectively.

As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 94,483
Changes of assumptions or other input	46,929	6,216
Contributions subsequent to measurement date	<u>152,466</u>	<u>-</u>
Total	<u>\$ 199,395</u>	<u>\$ 100,699</u>

The \$152,466 reported as deferred outflows of resources related to OPEB resulting from District payments subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023.

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

<u>Year Ended June 30,</u>	<u>Deferred Outflow/(Inflow) of Resources</u>
2023	\$ (17,074)
2024	(13,022)
2025	(11,940)
2026	(10,508)
2027	1,982
Thereafter	<u>(3,208)</u>
Total	<u>\$ (53,770)</u>

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:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ (752,275)	\$ (722,922)	\$ (694,610)

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ (679,383)	\$ (722,922)	\$ (773,771)

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 was closed to new entrants hired on or after August 29, 2003.

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.

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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the fiscal year ended June 30, 2022 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$979 for the year ended June 30, 2022.

Pension Plan Annual Comprehensive Financial Report (ACFR) –

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Actuarial Valuation -

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 9* Pension Plan (excluding the Actuarial Methods and Assumptions cost of living adjustment assumption, which has been removed, and a retiree healthcare participation assumption of 32% for healthy retirees and 20% for disabled retirees has been used). 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, 2022, the District reported \$149,546 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. 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, 2021 the District's proportion was approximately 0.04354860 percent.

For the year ended June 30, 2022, the District recognized a reduction of OPEB expense related to RHIA of \$26,640. The \$26,640 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 67%, 32%, and 1% respectively.

At June 30, 2022, 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	\$ -	\$ 4,161
Changes of assumptions	2,942	2,225
Net difference between projected and actual earning on investments	-	35,540
Changes in proportionate share	5,568	3,600
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	979	-
Total	<u>\$ 9,489</u>	<u>\$ 45,526</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

The \$979 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, 2023.

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

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2023	\$ (12,798)
2024	(4,877)
2025	(8,114)
2026	(11,227)
2027	-
Thereafter	-
Total	<u>\$ (37,016)</u>

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 6.90 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 (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

District's Net OPEB Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	\$ 132,252	\$ 149,546	\$ 164,320

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

Note 11 - 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 12 - 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. 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 three fiscal years ending June 30, 2022.

Note 14 - Tax Abatements

As of June 30, 2022, Jackson County provides tax abatements through four programs: Enterprise Zone, Commercial Facilities Under Construction, Food Processor, and Solar.

There were no taxes abated for the District under these programs for the year ended June 30, 2022.

Note 15 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2022 through the date the financial statements were available to be issued, for recognition and/or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Jackson County School District No. 35 Proportionate Share of Net Pension Asset/(Liability) at the measurement date

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.05128538%	0.05228326%	0.05340311%	0.05053152%	0.0505495%	0.0556241%	0.0664374%	0.0755239%	0.0755239%
District's proportion of the net pension asset/(liability)	\$ (6,137,055)	\$ (11,410,006)	\$ (9,237,459)	\$ (7,654,860)	\$ (6,814,088)	\$ (8,350,472)	\$ (3,814,478)	\$ 1,711,910	\$ (3,854,093)
District's covered-employee payroll	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788	\$ 3,520,668	\$ 3,318,212	\$ 3,264,244	\$ 3,503,955
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	109.79%	223.54%	206.40%	180.65%	171.39%	237.18%	114.96%	-52.44%	109.99%
Plan fiduciary net position as a percentage of the total pension liability	87.57%	75.79%	80.20%	82.07%	83.12%	80.53%	0.9188	103.59%	91.97%

Jackson County School District No. 35 Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,538,619	\$ 1,497,833	\$ 1,382,532	\$ 1,016,835	\$ 945,200	\$ 781,832	\$ 656,387	\$ 711,811	\$ 598,676
Contribution in relation to the contractually required	(1,538,619)	(1,497,833)	(1,382,532)	(1,016,835)	(945,200)	(781,832)	(656,387)	(711,811)	(598,676)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788	\$ 3,520,668	\$ 3,318,212	\$ 3,264,244
Contributions as a percentage of covered-employee payroll	22.72%	26.80%	27.09%	22.72%	22.31%	19.66%	18.64%	21.45%	18.34%

Notes to Schedule -

A summary of key changes implemented since the December 31, 2019 valuation are described in *Note 9* in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system can be found at:
<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-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 nine years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF CHANGE IN THE DISTRICT'S TOTAL PENSION LIABILITY
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information Available)

Total Pension Liability (Stipend):	2022	2021	2020	2019	2018	2017
Service cost	\$ 549	\$ 403	\$ 1,704	\$ 1,722	\$ 2,905	\$ 2,381
Interest on total pension liability	1,837	3,901	5,708	6,338	5,800	8,635
Effect of economic/demographic gains or losses	1,365	-	(6,979)	-	5,065	-
Effect of assumptions changes or inputs	111	2,514	1,182	(1,388)	(4,381)	7,021
Benefit payments	(35,178)	(35,304)	(37,316)	(35,148)	(34,243)	(44,300)
Net change in total pension liability (Stipend)	(31,316)	(28,486)	(35,701)	(28,476)	(24,854)	(26,263)
Total pension liability (stipend) - beginning	100,074	128,560	164,261	192,737	217,591	243,854
Total pension liability (stipend) - ending	<u>\$ 68,758</u>	<u>\$ 100,074</u>	<u>\$ 128,560</u>	<u>\$ 164,261</u>	<u>\$ 192,737</u>	<u>\$ 217,591</u>
Estimated covered - employee payroll	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	1.02%	1.79%	2.52%	3.67%	4.55%	5.47%

Notes to Schedule -

A summary of actuarial methods and assumptions are outlined in *Note 9* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

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 six years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB - RHIA
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Jackson County School District No. 35 Proportionate Share of Net OPEB - RHIA Asset/(Liability) at the measurement date

	2022	2021	2020	2019	2018
District proportion of the net OPEB asset/(liability)	0.04354860%	0.04808991%	0.04071557%	0.03926122%	0.03844079%
District's proportion of the net OPEB asset/(liability)	\$ 149,546	\$ 97,988	\$ 78,677	\$ 43,826	\$ 16,043
District's covered-employee payroll	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	2.68%	1.92%	1.76%	1.03%	0.40%
Plan fiduciary net position as a percentage of the total OPEB liability	183.90%	150.10%	144.40%	124.00%	108.88%

Jackson County School District No. 35 Contributions

	2022	2021	2020	2019	2018
Contractually required contributions	\$ 979	\$ 1,165	\$ 3,434	\$ 20,179	\$ 19,010
Contribution in relation to the contractually required	(979)	(1,165)	(3,434)	(20,179)	(19,010)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
Contributions as a percentage of covered-employee payroll	0.01%	0.02%	0.07%	0.45%	0.45%

Notes to Schedule -

A summary of key changes implemented since the December 31, 2019 valuation are described in *Note 10* in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2018, as a result, only five years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information Available)

Total OPEB Liability:	2022	2021	2020	2019	2018
Service cost	\$ 63,147	\$ 54,716	\$ 46,025	\$ 45,412	\$ 47,583
Interest	17,629	28,957	38,434	38,936	34,229
Differences between expected and actual experience	-	-	(119,217)	-	-
Effect of economic/demographic gains or losses	(31,027)	-	-	-	-
Changes of assumptions of other inputs	17,697	28,149	20,318	(11,892)	(32,667)
Benefit payments	(157,316)	(142,075)	(177,565)	(157,780)	(163,258)
Net change in total OPEB liability	(89,870)	(30,253)	(192,005)	(85,324)	(114,113)
Total OPEB liability - beginning	812,792	843,045	1,035,050	1,120,374	1,234,487
Total OPEB liability - ending	<u>\$ 722,922</u>	<u>\$ 812,792</u>	<u>\$ 843,045</u>	<u>\$ 1,035,050</u>	<u>\$ 1,120,374</u>
Estimated covered - employee payroll	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
Total OPEB liability as a percentage of estimated covered - employee payroll	10.68%	14.54%	16.52%	23.13%	26.44%

Notes to Schedule -

A summary of actuarial methods and assumptions are outlined in *Note 10* to the financial statements. No assets are accumulated in a trust to pay related

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District has adopted GASB 75 during fiscal 2018, as a result, only five years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources				
Property taxes	\$ 3,780,415	\$ 3,780,415	\$ 3,780,688	\$ 273
Charges for services	2,000	2,000	501	(1,499)
Donations	1,000	1,000	-	(1,000)
Interest on investments	38,000	38,000	24,176	(13,824)
Miscellaneous	30,000	30,000	31,550	1,550
Intermediate sources				
Miscellaneous	-	-	55,087	55,087
State sources				
Basic school support	8,761,223	8,761,223	8,680,308	(80,915)
Intergovernmental	173,277	173,277	194,185	20,908
Federal sources				
Intergovernmental	10,000	10,000	11,662	1,662
TOTAL REVENUES	12,795,915	12,795,915	12,778,157	(17,758)
EXPENDITURES				
Current				
Instruction	7,671,510	7,671,510	7,183,407	488,103
Support services	5,208,201	5,208,201	4,938,150	270,051
Facilities acquisition and construction	65,000	65,000	-	65,000
Contingency	1,173,704	1,173,704	-	1,173,704
TOTAL EXPENDITURES	14,118,415	14,118,415	12,121,557	1,996,858
Excess (Deficiency) of Revenues Over Expenditures	(1,322,500)	(1,322,500)	656,600	1,979,100
OTHER FINANCING SOURCES (USES):				
Transfers out	(455,000)	(455,000)	(455,000)	-
TOTAL OTHER FINANCING SOURCES	(455,000)	(455,000)	(455,000)	-
NET CHANGE IN FUND BALANCE	(1,777,500)	(1,777,500)	201,600	1,979,100
FUND BALANCE, JULY 1, 2021	1,777,500	1,777,500	1,931,223	153,723
FUND BALANCE, JUNE 30, 2022	\$ -	\$ -	\$ 2,132,823	\$ 2,132,823

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Construction excise taxes	\$ 45,000	\$ 45,000	\$ 51,705	\$ 6,705
Charges for services	159,000	159,000	116,886	(42,114)
Donations	214,000	214,000	209,810	(4,190)
Interest on investments	3,000	3,000	930	(2,070)
Miscellaneous	68,750	68,750	74,834	6,084
State sources				
Basic school support	4,000	4,000	3,661	(339)
Intergovernmental	1,776,559	1,776,559	1,183,460	(593,099)
Federal sources				
Intergovernmental	5,263,037	5,263,037	2,970,051	(2,292,986)
TOTAL REVENUES	7,533,346	7,533,346	4,611,337	(2,922,009)
EXPENDITURES				
Current				
Instruction	6,759,268	6,759,268	3,270,730	3,488,538
Support services	1,421,478	1,421,478	1,084,844	336,634
Enterprise and community services	674,545	674,545	420,234	254,311
Facilities acquisition and construction	92,000	92,000	89,487	2,513
Contingency	532,455	532,455	-	532,455
TOTAL EXPENDITURES	9,479,746	9,479,746	4,865,295	4,614,451
Excess (Deficiency) of Revenues Over Expenditures	(1,946,400)	(1,946,400)	(253,958)	1,692,442
OTHER FINANCING SOURCES (USES):				
Transfers in	455,000	455,000	455,000	-
TOTAL OTHER FINANCING SOURCES	455,000	455,000	455,000	-
NET CHANGE IN FUND BALANCE	(1,491,400)	(1,491,400)	201,042	1,692,442
FUND BALANCE, JULY 1, 2021	1,491,400	1,491,400	1,447,144	(44,256)
FUND BALANCE, JUNE 30, 2022	\$ -	\$ -	\$ 1,648,186	\$ 1,648,186

SUPPLEMENTARY INFORMATION

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Property taxes	\$ 595,000	\$ 595,000	\$ 581,037	\$ (13,963)
Interest on investments	-	-	2,466	2,466
TOTAL REVENUES	595,000	595,000	583,503	(11,497)
EXPENDITURES				
Debt service	662,000	662,000	623,792	38,208
TOTAL EXPENDITURES	662,000	662,000	623,792	38,208
Excess (Deficiency) of Revenues Over Expenditures	(67,000)	(67,000)	(40,289)	26,711
FUND BALANCE, JULY 1, 2021	67,000	67,000	69,306	2,306
FUND BALANCE, JUNE 30, 2022	\$ -	\$ -	\$ 29,017	\$ 29,017

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Interest on investments	\$ 1,500	\$ 1,500	\$ 1,088	\$ (412)
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>1,088</u>	<u>(412)</u>
EXPENDITURES				
Facilities acquisition and construction	<u>179,500</u>	<u>179,500</u>	<u>-</u>	<u>179,500</u>
TOTAL EXPENDITURES	<u>179,500</u>	<u>179,500</u>	<u>-</u>	<u>179,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(178,000)</u>	<u>(178,000)</u>	<u>1,088</u>	<u>179,088</u>
FUND BALANCE, JULY 1, 2021	<u>178,000</u>	<u>178,000</u>	<u>179,569</u>	<u>1,569</u>
FUND BALANCE, JUNE 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,657</u>	<u>\$ 180,657</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources				
Interest on investments	\$ 1,000	\$ 1,000	\$ -	\$ -
Charges for services (interfund)	33,640	33,640	33,744	104
TOTAL REVENUES	34,640	34,640	33,744	104
EXPENDITURES				
Current				
Support services	139,640	139,640	2,999	136,641
TOTAL EXPENDITURES	139,640	139,640	2,999	136,641
Excess (Deficiency) of Revenues Over Expenditures	(105,000)	(105,000)	30,745	136,745
FUND BALANCE, JULY 1, 2021	105,000	105,000	103,531	(1,469)
FUND BALANCE, JUNE 30, 2022	\$ -	\$ -	\$ 134,276	\$ 134,276

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

JACKSON COUNTY SCHOOL DISTRICT NO. 35

2021-22 DISTRICT AUDIT REVENUE SUMMARY

Revenue from Local Sources

1110 Ad Valorem Taxes Levied by District
1120 Local Option Ad Valorem Taxes Levied by District
1130 Construction Excise Tax
1190 Penalties and Interest on Taxes
1200 Revenue from Local Governmental Units Other Than Districts
1311 Regular Day School Tuition - From Individuals
1312 Regular Day School Tuition - Other Dist Within State
1313 Regular Day School Tuition - Other Districts Outside
1320 Adult/Continuing Education Tuition
1330 Summer School Tuition
1411 Transportation Fees - From Individuals
1412 Transportation Fees - Other Dist Within State
1413 Transportation Fees - Other Districts Outside
1420 Summer School Transportation Fees
1500 Earnings on Investments
1600 Food Service
1700 Extracurricular Activiies
1800 Community Services Activities
1910 Rentals
1920 Contributions and Donations From Private Sources
1930 Rental or Lease Payments From Private Contractors
1940 Services Provided Other Local Education Agencies
1950 Textbook Sales and Rentals
1960 Recovery of Prior Years' Expenditure
1970 Services Provided Other Funds
1980 Fees Charged to Grants
1990 Miscellaneous

Total Revenue from Local Sources

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3,780,688	-	581,037	-	-	-	-
-	-	-	-	-	-	-
-	51,705	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,176	930	2,466	1,088	-	-	-
-	1,910	-	-	-	-	-
501	114,976	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	209,810	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
144	96	-	-	-	-	-
31,406	-	-	-	-	33,744	-
-	-	-	-	-	-	-
-	74,738	-	-	-	-	-
3,836,915	454,165	583,503	1,088	-	33,744	-

Revenue from Intermediate Sources

2101 County School Funds
2102 General ESD Revenue
2103 Excess ESD Local Revenue
2105 Natural Gas, Oil, and Mineral Receipts
2110 Intermediate "I" Tax
2199 Other Intermediate Sources
2200 Restricted Revenue
2800 Revenue in Lieu of Taxes
2900 Revenue for/on Behalf of the District

Total Revenue from Intermediate Sources

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
46,123	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,964	-	-	-	-	-	-
55,087	-	-	-	-	-	-

Revenue from State Sources

3101 State School Fund - General Support
3102 State School Fund - School Lunch Match
3103 Common School Fund
3104 State Managed County Timber
3106 State School Fund - Accrual
3199 Other Unrestricted Grants-in-Aid
3204 Driver Education
3222 State School Fund (SSF) Transportation Equipment
3299 Other Restricted Grants-in-Aid
3800 Revenue in Lieu of Taxes
3900 Revenue for/on Behalf of the District

Total Revenue from State Sources

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
8,680,308	-	-	-	-	-	-
-	3,661	-	-	-	-	-
100,016	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,297	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
65,872	1,183,460	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,874,493	1,187,121	-	-	-	-	-

Revenue from Federal Sources

4100 Unrestricted Revenue Direct From the Federal Government
4200 Unrestricted Revenue From the Federal Government Through the State
4300 Restricted Revenue From the Federal Government
4500 Restricted Revenue From the Federal Government Through the State
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies
4801 Federal Forest Fees
4802 Impact Aid to School Districts for Operation (PL 874)
4803 Coos Bay Wagon Road Funds
4899 Other Revenue in Lieu of Taxes
4900 Revenue for/on Behalf of the District

Total Revenue from Federal Sources

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,940,645	-	-	-	-	-
-	-	-	-	-	-	-
11,662	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	29,406	-	-	-	-	-
11,662	2,970,051	-	-	-	-	-

Revenue from Other Sources

5100 Long Term Debt Financing Sources
5200 Interfund Transfers
5300 Sale of or Compensation for Loss of Fixed Assets
5400 Resources - Beginning Fund Balance

Total Revenue from Other Sources

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
-	-	-	-	-	-	-
-	455,000	-	-	-	-	-
-	-	-	-	-	-	-
1,931,223	1,447,144	69,306	179,569	-	103,531	-
1,931,223	1,902,144	69,306	179,569	-	103,531	-

Grand Totals

\$ 14,709,380	\$ 6,513,481	\$ 652,809	\$ 180,657	\$ -	\$ 137,275	\$ -
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JACKSON COUNTY SCHOOL DISTRICT NO. 35

2021-22 DISTRICT AUDIT EXPENDITURE SUMMARY

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	2,122,507	1,229,643	723,505	71,458	97,901	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	619,086	361,309	232,879	11,764	11,400	-	1,734	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	1,104,870	645,947	359,372	58,864	39,188	-	1,499	-
1132 High School Extracurricular	117,539	49,343	19,159	11,954	5,735	-	31,348	-
1139 SSF Correction	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	16,770	9,913	3,827	1,073	272	-	1,685	-
1226 Home Instruction	-	-	-	-	-	-	-	-
1227 Extended School Year Programs	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	862,038	507,873	324,797	23,564	5,804	-	-	-
1260 Treatment and Habilitation	17,184	-	-	17,184	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	610,269	352,822	166,953	8,549	81,250	-	695	-
1284 Alternative Education Home Tutor Programs	-	-	-	-	-	-	-	-
1288 Charter School Programs	1,679,319	-	-	1,679,319	-	-	-	-
1291 English Second Language Programs	22,485	13,316	8,819	-	350	-	-	-
1292 Teen Parent Program	11,340	7,436	3,904	-	-	-	-	-
Total Instruction	7,183,407	3,177,602	1,843,215	1,883,729	241,900	-	36,961	-
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	185	-	-	-	185	-	-	-
2120 Guidance Services	150,966	89,877	55,822	744	4,523	-	-	-
2130 Health Services	921	-	-	-	921	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	236,073	138,454	87,627	5,415	3,854	-	723	-
2210 Improvement of Instruction Services	7,861	5,596	2,265	-	-	-	-	-
2220 Educational Media Services	110,022	63,577	40,111	1,022	5,312	-	-	-
2222 School Library Service	-	-	-	-	-	-	-	-
2230 Assessment & Testing	3,177	1,948	1,229	-	-	-	-	-
2240 Instructional Staff Development	848	-	-	815	33	-	-	-
2310 Board of Education Services	247,231	25,616	21,163	84,537	245	-	115,670	-
2312 Board Secretary Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2321 Board Secretary Services	420,477	233,907	145,845	28,129	9,214	-	3,382	-
2410 Office of the Principal Services	953,568	543,142	361,516	12,782	32,032	-	4,096	-
2490 Other Support Services - School Administration	13,140	-	-	13,140	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	361,549	209,319	128,179	953	14,679	-	8,419	-
2540 Operation and Maintenance of Plant Services	1,107,930	339,778	232,200	424,552	87,719	23,283	398	-
2542 Care & Upkeep-Bldg	-	-	-	-	-	-	-	-
2543 Care & Upkeep-Grounds	-	-	-	-	-	-	-	-
2545 Vehicle Purch., Service, Maintenance	-	-	-	-	-	-	-	-
2550 Student Transportation Services	944,531	-	-	942,643	1,888	-	-	-
2552 Vehicle Operation	19,088	-	-	19,088	-	-	-	-
2558 Special Education Transportation Serv	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2574 Printing, Publishing and Duplicating	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	1,981	-	-	1,981	-	-	-	-
2640 Staff Services	271,824	93,668	61,355	59,134	57,352	-	315	-
2660 Technology Services	-	-	-	-	-	-	-	-
2665 Communication Services	-	-	-	-	-	-	-	-
2669 Other Communication Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	86,778	22,186	64,592	-	-	-	-	-
Total Support Services	4,938,150	1,767,068	1,201,904	1,594,935	217,957	23,283	133,003	-
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	455,000	-	-	-	-	-	-	455,000
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Requirements	455,000	-	-	-	-	-	-	455,000
Grand Total	\$ 12,576,557	\$ 4,944,670	\$ 3,045,119	\$ 3,478,664	\$ 459,857	\$ 23,283	\$ 169,964	\$ 455,000

JACKSON COUNTY SCHOOL DISTRICT NO. 35

2021-22 DISTRICT AUDIT EXPENDITURE SUMMARY

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	818,470	465,070	289,672	32,174	31,554	-	-	-
1113 Elementary Extracurricular	12,942	-	-	484	12,458	-	-	-
1121 Middle/Junior High Programs	3,138	-	-	-	1,813	-	1,325	-
1122 Middle/Junior High School Extracurricular	5,536	3,954	1,582	-	-	-	-	-
1131 High School Programs	476,448	192,008	110,637	82,780	68,023	21,476	1,524	-
1132 High School Extracurricular	323,878	149,855	58,532	40,552	62,579	-	12,360	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	248,332	157,011	82,580	-	8,741	-	-	-
1260 Treatment and Habilitation	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	486,319	281,764	203,895	-	660	-	-	-
1280 Alternative Education	270,468	155,878	68,079	18,956	27,555	-	-	-
1288 Charter Schools	340,541	-	-	340,541	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	284,658	104,065	37,435	118,241	24,917	-	-	-
Total Instruction	3,270,730	1,509,605	852,412	633,728	238,300	21,476	15,209	-

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	107,246	51,368	55,878	-	-	-	-	-
2120 Guidance Services	125,511	40,200	29,076	51,648	4,587	-	-	-
2121 Guidance Direction	-	-	-	-	-	-	-	-
2122 Counseling Services	-	-	-	-	-	-	-	-
2130 Health Services	82,394	-	-	82,394	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	71,831	13,720	4,829	49,593	3,689	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	77,194	52,215	24,979	-	-	-	-	-
2490 Other Support Services - School Administration	449	-	-	449	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	348,972	76,046	56,194	123,570	67,706	25,456	-	-
2542 Care & Upkeep Bldg	-	-	-	-	-	-	-	-
2543 Care & Upkeep Grounds	-	-	-	-	-	-	-	-
2549 Oth Oper & Maint Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	42,444	29,360	13,084	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	228,803	41,672	37,741	-	149,390	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	1,084,844	304,581	221,781	307,654	225,372	25,456	-	-

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	395,803	15,055	14,809	323,750	42,189	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	24,431	2,168	2,000	6,126	14,137	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	420,234	17,223	16,809	329,876	56,326	-	-	-

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	89,487	-	-	-	-	89,487	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	89,487	-	-	-	-	89,487	-	-

Other Uses Expenditures

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

Grand Total

\$ 4,865,295	\$ 1,831,409	\$ 1,091,002	\$ 1,271,258	\$ 519,998	\$ 136,419	\$ 15,209	\$ -
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JACKSON COUNTY SCHOOL DISTRICT NO. 35
2021-22 DISTRICT AUDIT EXPENDITURE SUMMARY

Fund: 300 Debt Service Funds

Instruction Expenditures

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

Total Instruction

Support Services Expenditures

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

Total Support Services

Enterprise and Community Services Expenditures

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

Total Enterprise and Community Services

Facilities Acquisition and Construction Expenditures

[illegible]

Total Facilities Acquisition and Construction

Other Uses Expenditures

[illegible]

Total Other Requirements

Grand Total	\$ 623,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 623,792	\$ -
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JACKSON COUNTY SCHOOL DISTRICT NO. 35 2021-22 DISTRICT AUDIT EXPENDITURE SUMMARY

Fund: 400 Capital Projects Fund

Instruction Expenditures

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

Total Instruction

Support Services Expenditures

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

Total Support Services

Enterprise and Community Services Expenditures

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

Total Enterprise and Community Services

Facilities Acquisition and Construction Expenditures

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

Total Facilities Acquisition and Construction

Other Uses Expenditures

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

Total Other Requirements

Grand Total

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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JACKSON COUNTY SCHOOL DISTRICT NO. 35

2021-22 DISTRICT AUDIT EXPENDITURE SUMMARY

Fund: 600 Internal Service Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6		-	-	-	-	-	-	-	-
1113 Elementary Extracurricular		-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs		-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular		-	-	-	-	-	-	-	-
1131 High School Programs		-	-	-	-	-	-	-	-
1132 High School Extracurricular		-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs		-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted		-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities		-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities		-	-	-	-	-	-	-	-
1260 Treatment and Habilitation		-	-	-	-	-	-	-	-
1271 Remediation		-	-	-	-	-	-	-	-
1272 Title I		-	-	-	-	-	-	-	-
1280 Alternative Education		-	-	-	-	-	-	-	-
1291 English Second Language Programs		-	-	-	-	-	-	-	-
1292 Teen Parent Program		-	-	-	-	-	-	-	-
1293 Migrant Education		-	-	-	-	-	-	-	-
1294 Youth Corrections Education		-	-	-	-	-	-	-	-
1299 Other Programs		-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs		-	-	-	-	-	-	-	-
1400 Summer School Programs		-	-	-	-	-	-	-	-
Total Instruction		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		-	-	-	-	-	-	-	-
2120 Guidance Services		-	-	-	-	-	-	-	-
2130 Health Services		-	-	-	-	-	-	-	-
2140 Psychological Services		-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services		-	-	-	-	-	-	-	-
2160 Other Student Treatment Services		-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services		-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services		-	-	-	-	-	-	-	-
2220 Educational Media Services		-	-	-	-	-	-	-	-
2230 Assessment & Testing		-	-	-	-	-	-	-	-
2240 Instructional Staff Development		-	-	-	-	-	-	-	-
2310 Board of Education Services		2,999	-	2,999	-	-	-	-	-
2320 Executive Administration Services		-	-	-	-	-	-	-	-
2410 Office of the Principal Services		-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration		-	-	-	-	-	-	-	-
2510 Direction of Business Support Services		-	-	-	-	-	-	-	-
2520 Fiscal Services		-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services		-	-	-	-	-	-	-	-
2550 Student Transportation Services		-	-	-	-	-	-	-	-
2570 Internal Services		-	-	-	-	-	-	-	-
2610 Direction of Central Support Services		-	-	-	-	-	-	-	-
2630 Information Services		-	-	-	-	-	-	-	-
2640 Staff Services		-	-	-	-	-	-	-	-
2660 Technology Services		-	-	-	-	-	-	-	-
2670 Records Management Services		-	-	-	-	-	-	-	-
2690 Other Support Services - Central		-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program		-	-	-	-	-	-	-	-
Total Support Services		2,999	-	2,999	-	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		-	-	-	-	-	-	-	-
3200 Other Enterprise Services		-	-	-	-	-	-	-	-
3300 Community Services		-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services		-	-	-	-	-	-	-	-
Total Enterprise and Community Services		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services		-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services		-	-	-	-	-	-	-	-
4180 Other Capital Items		-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services		-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		-	-	-	-	-	-	-	-
5200 Transfers of Funds		-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD		-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum		-	-	-	-	-	-	-	-
Total Other Requirements		-	-	-	-	-	-	-	-
Grand Total		\$ 2,999	\$ -	\$ 2,999	\$ -	\$ -	\$ -	\$ -	\$ -

JACKSON COUNTY SCHOOL DISTRICT NO. 35
2021-22 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	\$249,726
Function 2550	\$2,338

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$0

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

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

INDEPENDENT AUDITOR'S REPORT

REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

We have audited the basic financial statements of Jackson County School District No. 35 (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 12, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State school fund factors and calculation.

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

OAR 162-010-0230 Internal Control

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

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

A handwritten signature in black ink, reading "Aria Bettinger". The signature is written in a cursive, flowing style.

Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 12, 2022

ITEMS REQUIRED BY THE UNIFORM GUIDANCE

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

Board of Directors
Jackson County School District No. 35
Rogue River, 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. 35 (the District) as of and for the year ended June 30, 2022 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 12, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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.

A handwritten signature in black ink, reading "Aria Bettinger". The signature is fluid and cursive, with the first name "Aria" and last name "Bettinger" clearly distinguishable.

Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 12, 2022

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

Board of Directors
Jackson County School District No. 35
Rogue River, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson County School District No. 35's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls 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.

A handwritten signature in black ink, reading "Aria Bettinger". The signature is written in a cursive, flowing style.

Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 12, 2022

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Oregon Department of Education:			
School Breakfast Program (SBP)	10.553	N/A	\$ 108,004
National School Lunch Program (NSLP)	10.555	N/A	257,781
Commodities NSLP	10.555	N/A	29,406
Total Child Nutrition Cluster			<u>395,191</u>
COVID-19 State (P-EBT) Administrative Costs Grant	10.649	N/A	614
Total AL 10.649			<u>614</u>
Passed through Southern Oregon Education Service District:			
Schools and Roads - Grants to States	10.665	N/A	11,662
Total Forest Service Schools and Roads Cluster			<u>11,662</u>
Total U.S. Department of Agriculture			\$ 407,467
U.S. Department of Education			
Passed Through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (20-21)	84.010	58355	\$ 66,323
Title I Grants to Local Educational Agencies (21-22)	84.010	67064	329,638
Title I Grants to Local Educational Agencies (ESSA District Engagement)	84.010	65148	43,869
Title I Grants to Local Educational Agencies (ESSA District Engagement)	84.010	54316	9,935
Title I Grants to Local Educational Agencies (ESSA District Engagement)	84.010	60425	43,700
Title I Grants to Local Educational Agencies (ESSA District Engagement)	84.010	68008	1,882
Total AL 84.010			<u>495,347</u>
Passed Through Oregon Department of Education:			
Special Education - Grants to States	84.027	60742	30,898
Special Education - Grants to States	84.027	68722	160,277
Special Education - Grants to States	84.027	68473	8,707
Total Special Education Cluster (IDEA)			<u>199,882</u>
Passed through Southern Oregon Education Service District:			
Career and Technical Education - Basic Grants to States	84.048	N/A	9,115
Total AL 84.048			<u>9,115</u>
Passed through Oregon State University:			
Gaining Early Awareness and Readiness for Undergraduate Programs (Supplemental)	84.334	N/A	4,587
Total AL 84.334			<u>4,587</u>
Passed through Southern Oregon Education Service District:			
English Language Acquisition State Grants	84.365	N/A	667
Total AL 84.365			<u>667</u>
Passed Through Oregon Department of Education:			
Improving Effective Instruction State Grant (20-21)	84.367	67498	47,593
Total AL 84.367			<u>47,593</u>
Passed Through Oregon Department of Education:			
Student Support and Academic Enrichment	84.424	66854	16,094
Student Support and Academic Enrichment	84.424	58658	11,350
Total AL 84.424			<u>27,444</u>
Passed Through Oregon Department of Education:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	64674	1,162,830
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	64978	527,546
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	69395	59
Total AL 84.425			<u>1,690,435</u>
Total U.S. Department of Education			\$ 2,475,070
Total Expenditures of Federal Awards			\$ 2,882,537

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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, 2022. 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, changes in net position, or cash flows 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, 2022, the District received food commodities totaling \$29,406.

NOTE E – SUBRECIPIENTS:

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2022.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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. 35 (the District) were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
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 and no material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with 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 program tested as a major program was:

U.S. Department of Education

Education Stabilization Fund

AL # 84.425

8. The threshold for distinguishing between Type 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