

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

**FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION**

**YEAR ENDED JUNE 30, 2020  
WITH  
INDEPENDENT AUDITOR'S REPORT**



**Certified Public Accountants, LLP**

audit | tax | advisory | wealth management | cfo

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
ROGUE RIVER, OREGON  
June 30, 2020**

Administrative Office:

1898 E. Evans Creek Road  
Rogue River, Oregon 97537

BOARD OF DIRECTORS AS OF JUNE 30, 2020

Bruce Sund	Chairman
Mysti Jacob	Vice- Chairperson
Robert Hileman	Director
Addie Dabrowski	Director
Erin Poston	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, 2020**

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**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
ROGUE RIVER, OREGON  
YEAR ENDED JUNE 30, 2020**

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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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County School District No. 35, Oregon, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County School District No. 35 as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits schedules, pension schedules, and budgetary comparison schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis, other postemployment benefit schedules, and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Supplementary Information*

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

The other supplementary information as listed in the Table of Contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information as listed in the Table of Contents and the schedule of expenditures of federal awards is 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 a report dated December 11, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

### **Other Reporting Required by the State of Oregon**

In accordance with Oregon State Regulations, we have also issued our report dated December 11, 2020 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 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 11, 2020

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



**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

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, 2020. 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, 2020 by \$4.54 million. Of this amount, \$7.99 million represents the District's net investment in capital assets, \$98 thousand is restricted for debt service, \$39 thousand is restricted for scholarships, \$15 thousand is restricted for grants, \$209 thousand is restricted for capital projects, and \$119 thousand is restricted for the student body, leaving a negative \$3.9 million balance in unrestricted funds.
- For the fiscal year ended June 30, 2020, the District's total net position decreased by \$288 thousand. In the prior year, the District's total net position increased by \$213 thousand.
- The District has increased its total expenditures from the prior year, \$13.11 million to \$15.20 million. In addition, District revenues increased from \$13.33 million to \$14.91 million.
- The District's governmental funds reported combined ending fund balance of \$3.18 million, a decrease of \$67 thousand in comparison to the prior year. Approximately 86 percent of this total amount, \$2.73 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 \$1.60 million, up from \$1.45 million in the prior year, an increase of about 9 percent. Unassigned fund balance in the General Fund represented about 13.5 percent of total General Fund expenditures, down from 13.9 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, 2020**

**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, 2020**

**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, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's assets/deferred outflows exceeded liabilities/deferred inflows by \$4.541 million at June 30, 2020. At June 30, 2019 District assets/deferred outflows exceeded liabilities/deferred inflows by \$4.829 million. The decrease in net position can be attributed to the increase in other liabilities related to pensions and other post-employment health care benefits.

	<b>Governmental Activities (in thousands)</b>		<b>Increase (Decrease) From</b>
	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2019</b>
Assets:			
Current assets	\$ 4,302	\$ 4,308	\$ (6)
Capital assets	9,783	9,820	(37)
Other assets	79	44	35
Total assets	<u>14,164</u>	<u>14,172</u>	<u>(8)</u>
Deferred outflows	<u>4,003</u>	<u>3,712</u>	<u>291</u>
Total assets and deferred outflows	<u>18,167</u>	<u>17,884</u>	<u>283</u>
Liabilities:			
Current liabilities	840	837	3
Other liabilities	10,209	8,854	1,355
Long-term liabilities	1,798	2,337	(539)
Total liabilities	<u>12,847</u>	<u>12,028</u>	<u>819</u>
Deferred inflows	<u>779</u>	<u>1,026</u>	<u>(247)</u>
Total liabilities and deferred inflows	<u>13,626</u>	<u>13,054</u>	<u>572</u>
Net position:			
Net investment in capital assets	7,985	9,820	(1,835)
Restricted	481	148	333
Unrestricted	(3,925)	(5,139)	1,214
Total net position	<u>\$ 4,541</u>	<u>\$ 4,829</u>	<u>\$ (288)</u>

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Net position decreased by \$288 thousand from the prior year.

Capital assets, which consist of the District's land, buildings and improvements, and vehicles and equipment, represent about 54 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 \$4.003 million represent 22% of total assets and deferred outflows.

The District's largest liability is the net pension liability (OPERS), it represents 68 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, short term leases, accrued salaries and benefits and deferred amounts related to pensions and other postemployment benefits.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

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 decreased by \$288 thousand. The decrease can be primarily attributed to the increase in instruction and support services expense.

	<b>Governmental Activities (in thousands)</b>		<b>Increase (Decrease) From</b>
	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2019</b>
Revenues:			
Program revenues:			
Charges for service	\$ 217	\$ 223	\$ (6)
Operating grants and contributions	1,632	1,627	5
General revenues:			
Property taxes	4,030	3,952	78
State school fund - general support	8,641	7,014	1,627
Other federal, state and local sources	159	151	8
Earnings on investments	98	132	(34)
Gain (loss) on disposal of assets	-	(85)	85
Miscellaneous	130	312	(182)
Total revenues	<u>14,907</u>	<u>13,326</u>	<u>1,581</u>
Expenses:			
Instruction	9,075	7,462	1,613
Support services	5,566	5,168	398
Enterprise and community services	427	426	1
Facilities acquisition and construction	82	2	80
Interest on long-term debt	45	55	(10)
Total expenses	<u>15,195</u>	<u>13,113</u>	<u>2,082</u>
Change in net position	<u>\$ (288)</u>	<u>\$ 213</u>	<u>\$ (501)</u>

**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, 2020, the District's governmental funds reported combined ending fund balances of \$3.18 million, a decrease of \$67 thousand in comparison with the prior year. About \$2.73 million (86 percent) of the ending fund balance constitutes amounts which are available for spending at the District's discretion. About 7 percent of combined ending fund balance is restricted for capital projects (\$209 thousand).

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)**

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2020, fund balance was \$1.60 million. The fund balance increased by approximately \$152 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 \$1.60 million represents about 13.5 percent of total General Fund expenditures.

*Special Revenue Fund.* The Special Revenue Fund had a total fund balance of \$1.30 million, of which none is unassigned. The net increase in fund balance during the current year was \$61 thousand. The Committed fund balance of \$677 thousand represents amounts reserved for capital improvements, food service, and pension reserve. The Assigned fund balance of \$449 thousand represents amounts held for school improvement. The remaining \$173 thousand is legally restricted for specific purposes.

*Debt Service Fund.* The Debt Service Fund had a total fund balance of \$67 thousand, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$8 thousand.

*Capital Projects Fund.* The Capital Projects Fund had a total fund balance of \$209 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**

The major economic factor facing Rogue River School District is the ongoing school closures from COVID-19. Prior to March of 2020 the district had been on a steady pace of growth led by South Valley Academy and Rogue River Elementary School. Since the closures or restrictions on in person attendance have gone into place on Oregon school districts, the district has seen the enrollment trend at the Elementary change from positive growth to declining enrollment. The declining enrollment can be attributed to two factors. The first is parents who would have enrolled their kindergarten age child with the district in the 2020-2021 school year who are opting to defer enrollment to the 2021-2022 school year. The second factor is parents opting to home school their children during the closures. The district had over 50 students at the elementary level sign up for home school between March of 2020 and August of 2020. In contrast, the total number of students in the district who signed up to be home schooled between 2010 and March of 2020 was approximately 50, or less than signed up in the previously mentioned 5-month period. The district does not receive any funding for students who are home schooled. The District believes these students will return when the restrictions have been lifted. The district has reached out to many of these families and virtually all of the home school families have assured the district they will return to the district when the restrictions are lifted. The State of Oregon does have a safety net provision built into its funding model so a one-year temporary decrease in enrollment will have very little effect on the district's financial position. However, if the closures extend into the 2021-2022 school year the district could see substantial negative effects on its financial position moving forward.

**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, 2020**

	Governmental Activities
<b>ASSETS:</b>	
Cash and investments	\$ 3,779,717
Receivables	521,900
Prepaid expenses	486
Capital assets, net	
Land	286,801
Buildings and improvements	9,468,449
Vehicles and equipment	27,942
Other post-employment asset (RHIA)	78,677
<b>TOTAL ASSETS</b>	<b>14,163,972</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to pensions (OPERS)	3,804,860
Deferred outflows related to pensions (early retirement stipend benefit plan)	35,304
Deferred outflows related to other post-employment benefits (single-employer defined benefit plan)	159,448
Deferred outflows related to other post-employment benefits (RHIA)	3,556
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,003,168</b>
<b>LIABILITIES:</b>	
Accounts payable	86,578
Accrued salaries and benefits	647,001
Unearned revenue	106,033
Deposits payable	250
Net pension liability (OPERS)	9,237,459
Other post employment benefit obligation (OPEB)	843,045
Early retirement stipend pension plan obligation	128,560
Bonds Payable	
Due within one year	570,581
Due in more than one year	1,227,209
<b>TOTAL LIABILITIES</b>	<b>12,846,716</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows related to pensions (OPERS)	638,655
Deferred inflows related to other post-employment benefits (single-employer defined benefit plan)	124,357
Deferred inflows related to other post-employment benefits (RHIA)	16,183
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>779,195</b>
<b>NET POSITION:</b>	
Net investment in capital assets	7,985,402
Restricted for debt service	98,043
Restricted for scholarships	39,075
Restricted for grants	15,158
Restricted for capital projects	209,394
Restricted for student body	119,056
Unrestricted	(3,924,899)
<b>TOTAL NET POSITION</b>	<b>\$ 4,541,229</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 9,074,594	\$ 105,444	\$ 966,309	\$ (8,002,841)
Supporting services	5,565,925	67,243	325,761	(5,172,921)
Enterprise and community services	427,217	44,210	339,404	(43,603)
Facilities and acquisition	82,236	-	-	(82,236)
Interest on long-term debt	45,186	-	-	(45,186)
Total governmental activities	<u>\$ 15,195,158</u>	<u>\$ 216,897</u>	<u>\$ 1,631,474</u>	<u>(13,346,787)</u>
General revenues:				
Property taxes levied for general purposes				3,464,032
Property taxes levied for debt service				565,996
Construction excise tax				58,823
State school fund - general support				8,641,044
Common school fund				89,907
Federal forest fees				10,395
Earnings on investments				98,260
Miscellaneous				<u>130,134</u>
Total general revenues				<u>13,058,591</u>
<b>CHANGE IN NET POSITION</b>				(288,196)
<b>NET POSITION - JULY 1, 2019</b>				<u>4,829,425</u>
<b>NET POSITION - JUNE 30, 2020</b>				<u><u>\$ 4,541,229</u></u>

## **FUND FINANCIAL STATEMENTS**

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>ASSETS:</b>					
Equity in pooled cash and investments	\$ 2,236,543	\$ 1,208,784	\$ 59,109	\$ 209,394	\$ 3,713,830
Property taxes receivable	237,780	-	38,934	-	276,714
Receivables	19,799	225,387	-	-	245,186
Prepaid	486	-	-	-	486
<b>TOTAL ASSETS</b>	<b>\$ 2,494,608</b>	<b>\$ 1,434,171</b>	<b>\$ 98,043</b>	<b>\$ 209,394</b>	<b>\$ 4,236,216</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 57,450	\$ 29,128	\$ -	\$ -	\$ 86,578
Accrued salaries and benefits	647,001	-	-	-	647,001
Deposits payable	250	-	-	-	250
Unearned revenue	-	106,033	-	-	106,033
<b>TOTAL LIABILITIES</b>	<b>704,701</b>	<b>135,161</b>	<b>-</b>	<b>-</b>	<b>839,862</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	187,317	-	30,671	-	217,988
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>187,317</b>	<b>-</b>	<b>30,671</b>	<b>-</b>	<b>217,988</b>
Non-spendable	486	-	-	-	486
Restricted:					
Debt service	-	-	67,372	-	67,372
Scholarships	-	39,075	-	-	39,075
Grants	-	15,158	-	-	15,158
Student body	-	119,056	-	-	119,056
Capital projects	-	-	-	209,394	209,394
Committed:					
PERS reserve	-	500,000	-	-	500,000
Capital outlay	-	80,236	-	-	80,236
Food service	-	96,519	-	-	96,519
Assigned	-	448,966	-	-	448,966
Unassigned	1,602,104	-	-	-	1,602,104
<b>Total fund balances</b>	<b>1,602,590</b>	<b>1,299,010</b>	<b>67,372</b>	<b>209,394</b>	<b>3,178,366</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 2,494,608</b>	<b>\$ 1,434,171</b>	<b>\$ 98,043</b>	<b>\$ 209,394</b>	<b>\$ 4,236,216</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2020**

<b>TOTAL FUND BALANCES</b>		\$ 3,178,366
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 18,619,649	
Accumulated depreciation	<u>(8,836,457)</u>	9,783,192
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.		217,988
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.		65,887
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.		78,677
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.		3,223,973
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	(1,797,790)	
Net pension liability	(9,237,459)	
Other postemployment benefits	(843,045)	
Early retirement benefits (stipend)	<u>(128,560)</u>	<u>(12,006,854)</u>
<b>TOTAL NET POSITION</b>		<b><u>\$ 4,541,229</u></b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>REVENUES</b>					
Construction excise taxes	\$ -	\$ 58,823	\$ -	\$ -	\$ 58,823
Property taxes	3,469,877	-	568,374	-	4,038,251
Basic school support	8,637,383	3,661	-	-	8,641,044
Intergovernmental	177,301	1,350,242	-	-	1,527,543
Charges for services	3,450	148,276	-	-	151,726
Donations	1,140	202,377	-	-	203,517
Interest on investments	80,493	3,188	7,917	6,662	98,260
Miscellaneous	43,746	86,388	-	-	130,134
<b>TOTAL REVENUES</b>	<b>12,413,390</b>	<b>1,852,955</b>	<b>576,291</b>	<b>6,662</b>	<b>14,849,298</b>
<b>EXPENDITURES</b>					
Current					
Instruction	6,999,574	1,280,310	-	-	8,279,884
Support services	4,626,853	518,166	-	-	5,145,019
Enterprise and community services	-	410,231	-	-	410,231
Facilities and acquisition	217,462	1,000	-	277,949	496,411
Debt service	-	-	584,448	-	584,448
<b>TOTAL EXPENDITURES</b>	<b>11,843,889</b>	<b>2,209,707</b>	<b>584,448</b>	<b>277,949</b>	<b>14,915,993</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>569,501</b>	<b>(356,752)</b>	<b>(8,157)</b>	<b>(271,287)</b>	<b>(66,695)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Interfund transfers	(417,500)	417,500	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(417,500)</b>	<b>417,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>152,001</b>	<b>60,748</b>	<b>(8,157)</b>	<b>(271,287)</b>	<b>(66,695)</b>
<b>FUND BALANCE, July 1, 2019</b>	<b>1,450,589</b>	<b>1,238,262</b>	<b>75,529</b>	<b>480,681</b>	<b>3,245,061</b>
<b>FUND BALANCE, June 30, 2020</b>	<b>\$ 1,602,590</b>	<b>\$ 1,299,010</b>	<b>\$ 67,372</b>	<b>\$ 209,394</b>	<b>\$ 3,178,366</b>

**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, 2020**

<b>NET CHANGE IN FUND BALANCE</b>	\$ (66,695)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Expenditures for capital assets	425,481
Less current year depreciation	<u>(462,050)</u>
	(36,569)
Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.	
Debt principal repaid	539,262
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.	
	(8,223)
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.	
	65,887
The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows).	
	80,050
The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).	
	13,949
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).	
	<u>(875,857)</u>
<b>CHANGE IN NET POSITION</b>	<u><u>\$ (288,196)</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**YEAR ENDED JUNE 30, 2020**

	<u>Internal Service Fund</u>
<b>ASSETS:</b>	
Equity in pooled cash and investments	<u>\$ 65,887</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 65,887</u></u>
<b>NET POSITION:</b>	
Unrestricted	<u>\$ 65,887</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 65,887</u></u>



**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUND**  
**YEAR ENDED JUNE 30, 2020**

	<u>Internal Service Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for services (interfund)	\$ 65,887
<b>TOTAL OPERATING REVENUES</b>	<u>65,887</u>
<b>OPERATING INCOME</b>	<u>65,887</u>
<b>CHANGE IN NET ASSETS</b>	65,887
<b>NET POSITION, July 1, 2019</b>	<u>-</u>
<b>NET POSITION, June 30, 2020</b>	<u><u>\$ 65,887</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash from interfund services provided	\$ 65,887
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>65,887</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	65,887
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 65,887</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME</b>	
Operating income (loss)	\$ 65,887
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 65,887</u></u>

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020**

**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 type:

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 acquisitions under capital leases are reported as other financing sources.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.

**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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.

**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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Deferred Outflows/Inflows of Resources (continued)**

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

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (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 other financing uses.

**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.



**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Net Position/Fund Balance (continued)**

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.

**Budget**

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

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Budget (continued)**

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.

During the fiscal year ended June 30, 2020, the District improperly transferred appropriation authority within the General Fund from Instruction and Support Services to Facilities Acquisition, an appropriation category which did not already exist as required by ORS 294.463 (OAR 150-294-0540).

**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.

**Future Adoption of GASB Pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2020:

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the District, fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for fiscal year ending June 30, 2021.

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

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for fiscal year ending June 30, 2022.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Future Adoption of GASB Pronouncements (continued)**

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2023.

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, 2020:

Petty cash	\$ 722
Carrying amount of demand deposits	641,934
Certificates of deposit	36,600
Carrying amount of investments	<u>3,100,461</u>
Total cash and investments	<u>\$ 3,779,717</u>

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

Cash and investments	<u>\$ 3,779,717</u>
Total cash and investments	<u>\$ 3,779,717</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, 2020. 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, 2020, the carrying amounts of the District deposits in various qualifying financial institutions were \$3,778,995 and the bank balances were \$3,815,469. All deposits are held in the name of the District. At June 30, 2020, the District had \$465,008 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 2 - Cash and Investments (continued)**

**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 2020. 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.

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, 2020, 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 2 - Cash and Investments (continued)**

**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.

Investments Measured at Fair Value:	Totals at June 30, 2020	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government					
Investment Pool	\$ 3,100,461	\$ -	\$ -	\$ -	\$ 3,100,461
Certificates of deposit	36,600	-	36,600	-	-
	<u>\$ 3,137,061</u>	<u>\$ -</u>	<u>\$ 36,600</u>	<u>\$ -</u>	<u>\$ 3,100,461</u>

At June 30, 2020, 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	\$ 3,100,461	\$ 3,100,461	\$ -	\$ -
Certificates of deposit	36,600	22,000	-	14,600
	<u>\$ 3,137,061</u>	<u>\$ 3,122,461</u>	<u>\$ -</u>	<u>\$ 14,600</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 3 - Receivables**

At June 30, 2020, the District's receivables are comprised of the following:

	<u>Property Taxes</u>	<u>Grants/Other</u>	<u>Total</u>
General Fund	\$ 237,780	\$ 19,799	\$ 257,579
Special Revenue Fund	-	225,387	225,387
Debt Service Fund	38,934	-	38,934
	<u>\$ 276,714</u>	<u>\$ 245,186</u>	<u>\$ 521,900</u>

**Note 4 - Capital Assets**

The changes in capital assets for the year ended June 30, 2020, are as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated				
Land	\$ 286,801	\$ -	\$ -	\$ 286,801
Total capital assets not being depreciated	286,801	-	-	286,801
Capital assets being depreciated				
Buildings and improvements	17,738,481	425,481	-	18,163,962
Vehicles and equipment	168,886	-	-	168,886
Total capital assets being depreciated	17,907,367	425,481	-	18,332,848
Less accumulated depreciation for:				
Buildings and improvements	(8,241,495)	(454,018)	-	(8,695,513)
Vehicles and equipment	(132,912)	(8,032)	-	(140,944)
Total accumulated depreciation	(8,374,407)	(462,050)	-	(8,836,457)
Total capital assets (net)				
Land	286,801	-	-	286,801
Buildings and improvements	9,496,986	(28,537)	-	9,468,449
Vehicles and Equipment	35,974	(8,032)	-	27,942
Total capital assets (net)	<u>\$ 9,819,761</u>	<u>\$ (36,569)</u>	<u>\$ -</u>	<u>\$ 9,783,192</u>

Depreciation expense for the fiscal year was \$462,050 and was allocated to the various functions as follows:

Instruction	\$ 277,229
Supporting Services	170,959
Community Services	13,862
Total	<u>\$ 462,050</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 5 - Interfund Transfers**

Inter-fund transfers for the year ended June 30, 2020 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 417,500
Special Revenue Fund	<u>417,500</u>	<u>-</u>
Total Transfers	<u>\$ 417,500</u>	<u>\$ 417,500</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 - Operating Leases**

The District leases facilities and equipment under non-cancelable operating leases. Total costs for such leases were \$58,583 for the year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	
2021	\$ 70,755
2022	71,586
2023	47,346
2024	4,606
2025	<u>944</u>
	<u>\$ 195,237</u>

**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, 2020, the various components of unavailable and unearned revenue included in the governmental funds' Balance Sheet consists of the following:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Property taxes	\$ 187,317	\$ -	\$ 187,317
Special Revenue Fund			
Grants	-	106,033	106,033
Debt Service			
Property taxes	<u>30,671</u>	<u>-</u>	<u>30,671</u>
Total	<u>\$ 217,988</u>	<u>\$ 106,033</u>	<u>\$ 324,021</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, interest expense was \$45,186.

The changes in bond principal for the year ended June 30, 2020 is as follows:

	Outstanding July 1, 2019	Issued	Matured	Outstanding June 30, 2020	Due in One Year
<b><i>General Obligation Bonds</i></b>					
2017 Series (direct placement)	\$ 2,337,052	\$ -	\$ (539,262)	\$ 1,797,790	\$ 570,581

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

Year Ended June 30,	Principal	Interest
2020	\$ 570,581	\$ 34,877
2021	599,985	23,808
2022	627,224	12,168
	<u>\$ 1,797,790</u>	<u>\$ 70,853</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.



**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 9 - Defined Pension Benefit Plan (continued)**

***Funding Policy***

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

***Employees Covered by Benefit Terms***

At June 30, 2020, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active plan members	1
	<u>8</u>

***Total Stipend Pension Liability***

The District's total stipend pension liability of \$128,560 was measured as of June 30, 2020, and was determined by an actuarial valuation date as of July 1, 2019.

***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, 2019	\$ 164,261
Service cost	1,704
Interest	5,708
Differences between expected and actual	(6,979)
Changes of assumptions	1,182
Benefit payments	<u>(37,316)</u>
Total stipend pension liability at June 30, 2020	<u>\$ 128,560</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 (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total stipend pension liability	\$ (131,442)	\$ (128,560)	\$ (125,760)

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, the District recognized a reduction in stipend pension expense of \$34,306.

At June 30, 2020, 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	35,304	-
Total	<u>\$ 35,304</u>	<u>\$ -</u>

The \$35,304 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, 2021.

**OPERS Plan**

***Plan Description***

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

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

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

Beginning January 1, 2004, PERS active Tier One or Tier Two members 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, 2020**

**Note 9 - Defined Pension Benefit Plan (continued)**

**Tier One/Tier Two Retirement Benefit (Chapter 238)**

***Pension Benefits***

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

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

***Death Benefits***

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

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

***Disability Benefits***

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive 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, 2020**

**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.

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

***Death Benefits***

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

***Disability Benefits***

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

***Benefit Changes After Retirement***

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustment (COLA). 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.

The District's employer contributions for the year ended June 30, 2020 were \$1,382,532, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the the period July 1, 2019 through June 30, 2020 for each pension program were: Tier1/Tier 2 – 32.03%, and OPSRP General Service – 26.58%.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 9 - Defined Pension Benefit Plan (continued)**

***Oregon PERS Comprehensive Annual Financial Report (CAFR)***

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

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

***Actuarial Valuation***

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

***Actuarial Methods and Assumptions Used in Developing Total Pension Liability***

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience study	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return <sup>1</sup>	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b><i>Healthy retirees and beneficiaries:</i></b> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b><i>Active members:</i></b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b><i>Disabled retirees:</i></b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 9 - Defined Pension Benefit Plan (continued)**

***Actuarial Methods and Assumptions Used in Developing Total Pension Liability (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 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

***Discount Rate***

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

***Assumed Asset Allocation***

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	12.50%
Opportunity portfolio	0.00%
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 July 2017 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, 2020**

**Note 9 - Defined Pension Benefit 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>Compounded Annual Return</u>
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Bank/leveraged loans	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/Mid cap US equities	15.75%	6.30%
Small cap US equities	1.31%	6.69%
Micro cap US equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.12%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equities	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.86%	3.84%
Total	<u>100.00%</u>	
Assumed inflation - mean		2.50%

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

At June 30, 2020, the District reported a liability of \$9,237,459 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net pension liability was based on the District's long-term contribution effort to the pension plan compared with the total projected long-term contribution effort of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was approximately 0.05340311 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$910,163. The \$910,163 was treated as an increase of payroll related expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 9 - Defined Pension Benefit Plan (continued)**

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

At June 30, 2020, 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	\$ 509,419	\$ -
Changes in assumptions	1,253,167	-
Net difference between projected and actual earnings on investments	-	261,873
Changes in proportionate share	273,314	375,148
Difference in proportion and contribution differences	386,428	1,634
District's contributions subsequent to the measurement date	1,382,532	-
Total	<u>\$ 3,804,860</u>	<u>\$ 638,655</u>

The \$1,382,532 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, 2021.

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
2021	\$ 866,919
2022	165,698
2023	398,894
2024	318,407
2025	33,755
Thereafter	-
Total	<u>\$ 1,783,673</u>

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

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

District's Net Pension Asset/(Liability)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit Pension	\$ (14,792,971)	\$ (9,237,459)	\$ (4,588,261)



**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 9 - Defined Pension Benefit Plan (continued)**

***Changes in Assumptions and Methods***

A summary of key changes implemented since the December 31, 2017 valuation are noted below. Additional detail and list of changes can be found in the 2018 Experience Study for the System, which can be found at: [https://www.oregon.gov/pers/Documents/Exp\\_Study\\_2018.pdf](https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf)

- Assumed administrative expenses were updated for both Tier 1/Tier 2 and OPSRP.
- Mortality assumptions were changed to reflect recently published base mortality tables and mortality improvement projection scales for all groups.
- Termination, disability and retirement rates were updated for some groups to more closely match observed experience.
- Assumptions for merit increases, unused sick leave, and vacation pay were updated.
- The assumed healthcare cost trend rates for RHIPA program as well as the participation assumptions for both RHIA and RHIPA were updated.
- Senate Bill 1049 was signed into law June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.
- The percentages used for allocating accrued liability for Tier 1/Tier 2 active members who have earned service with multiple PERS employers were updated

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

***Pension Benefits***

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. The IAP is an individual account-based program under the PERS 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.

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

***Death Benefits***

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

***Contributions***

During 2019, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2020 were \$298,212.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.

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 explicit subsidy is measured as the expected health care cost per retired 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 \$499 for employee or \$1,658 for family benefits for the fiscal year ended June 30, 2020. 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

***Employees Covered by Benefit Terms***

The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees hired subsequent to July 1, 2005. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2020, the following employees were covered by the explicit benefit terms:

Active plan members	91
Inactive employees or beneficiaries currently receiving benefit payments	8
	99

***Total OPEB Liability***

The districts total OPEB liability of \$843,045 was measured as of June 30, 2020, and was determined by an actuarial valuation date as of July 1, 2019.

***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	3.5% for year ended 2019. Amounts reflect 20-year GO Bond Index
Health Care Cost Trend	Between 3.00% and 5.75% annually
General Inflation	2.50% per year
Annual Salary Increases	3.50% per year
Future Stipend Increases	Maximum stipend amounts were not assumed to increase in future years.
Future Life Insurance	Life insurance coverage amounts were not assumed to increase in future years.
Mortality Rates	PUB-2010 Teacher Employee and Healthy Reiree 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.
Payment of Benefits	Stipend Benefits were assumed to be paid as cash, and therefore subject to an additional 7.65% FICA tax.
Lapse Rate	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.
Spouse Age	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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

***Changes in the Total OPEB Liability***

OPEB Liability at June 30, 2019	\$	1,035,050
Changes for the year:		
Service cost		46,025
Interest		38,434
Differences between expected and actual		(119,217)
Assumptions or other input		20,318
Benefit payments		<u>(177,565)</u>
OPEB Liability at June 30, 2020	\$	<u>843,045</u>

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

For the year ended June 30, 2020, the District recognized a reduction of OPEB expense of \$80,050.

As of June 30, 2020, 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	\$ -	\$ 101,939
Changes of assumptions or other input	17,373	22,418
Contributions subsequent to measurement date	<u>142,075</u>	<u>-</u>
Total	<u>\$ 159,448</u>	<u>\$ 124,357</u>

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>
2021	\$ (22,434)
2022	(22,434)
2023	(19,467)
2024	(15,415)
2025	(14,333)
Thereafter	<u>(12,901)</u>
Total	<u>\$ (106,984)</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
<b>Total OPEB Liability</b>	\$ (874,133)	\$ (843,045)	\$ (813,237)

***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	Current Trend Rate	1% Increase
<b>Total OPEB Liability</b>	\$ (804,152)	\$ (843,045)	\$ (887,023)

**Retirement Health Insurance Account (RHIA)**

***Plan Description***

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

***OPEB Benefits***

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

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

***Contributions***

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The District contributed \$3,434 for the year ended June 30, 2020. The contribution rates in effect for the period July 1, 2019 through June 30, 2020 for the OPEB program were: Tier1/Tier 2 – 0.06%, and OPSRP general service – 0.00%.

***Oregon PERS Comprehensive Annual Financial Report (CAFR)***

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

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

***Actuarial Valuation***

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 9 – Defined Benefit Pension Plan* except the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable

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

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

At June 30, 2020, the District reported \$78,677 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. 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, 2020 the District's proportion was approximately 0.04071557 percent.

For the year ended June 30, 2020, the District recognized a reduction of OPEB expense related to RHIA of \$13,949. The \$13,949 was treated as a reduction of payroll related expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

At June 30, 2020, 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	\$ -	\$ 10,375
Changes in assumptions	-	82
Net difference between projected and actual earnings on investments	-	4,856
Changes in proportionate share	122	870
City's contributions subsequent to the measurement date	3,434	-
Total	<u>\$ 3,556</u>	<u>\$ 16,183</u>

The \$3,434 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, 2021.

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 as follows:

Year Ended June 30,	Deferred Outflow/Inflow of Resources
2021	\$ (8,183)
2022	(7,440)
2023	(938)
2024	500
2025	-
Thereafter	-
Total	<u>\$ (16,061)</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 7.20 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.20 percent) or 1-percentage point higher (8.20 percent) than the current rate:

District's Net OPEB Asset/(Liability)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Retirement Health Insurance Account	\$ 60,995	\$ 78,677	\$ 93,744

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

***Changes in Assumptions***

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in *Note 9 – Defined Benefit Pension Plan*.

**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.

**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, 2020.

**Note 14 - Uncertainties**

On March 13, 2020, the President of the United States declared a State of Emergency associated with the COVID-19 global pandemic. As of the date of these financial statements management has determined the impact to the District will be short term in nature and it believes adequate liquidity exists for the District to endure the upstream and downstream impact that will develop as a result of the slowdown in economic activity. The impact of the State of Emergency and full ramifications to the economy and the District is not determinable at this time.

**Note 15 - Tax Abatements**

As of June 30, 2020, Jackson county provides tax abatements through four programs: Enterprise Zone, Commercial Facilities Under Construction, Food Processor, and Solar.

For the fiscal year ended June 30, 2020, Jackson County did not provide for any tax abatements for the District.



**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 16 - Subsequent Events**

Management of the District has evaluated events and transactions occurring after June 30, 2020 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**

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.05340311%	0.05053152%	0.0505495%	0.0556241%	0.0664374%	0.0755239%	0.0755239%
District's proportion of the net pension asset/(liability)	\$ (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	\$ 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	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	80.20%	82.07%	83.12%	80.53%	0.9188	103.59%	91.97%

**Jackson County School District No. 35 Contributions**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,382,532	\$ 1,016,835	\$ 945,200	\$ 781,832	\$ 656,387	\$ 711,811	\$ 598,676
Contribution in relation to the contractually required	(1,382,532)	(1,016,835)	(945,200)	(781,832)	(656,387)	(711,811)	(598,676)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 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	27.09%	22.72%	22.31%	19.66%	18.64%	21.45%	18.34%

**Notes to Schedule:**

**Significant Methods and Assumptions:**

A summary of assumption changes implemented since the December 31, 2017 valuation are outlined briefly 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 2018 Experience Study for the system, which was published on July 24, 2019, and can be found at:

[https://www.oregon.gov/pers/Documents/Exp\\_Study\\_2018.pdf](https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf)

**Other Information:**

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2014, as a result, only seven 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)**

<b>Total Pension Liability (Stipend):</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 1,704	\$ 1,722	\$ 2,905	\$ 2,381
Interest on total pension liability	5,708	6,338	5,800	8,635
Effect of economic/demographic gains or losses	(6,979)	-	5,065	-
Effect of assumptions changes or inputs	1,182	(1,388)	(4,381)	7,021
Benefit payments	(37,316)	(35,148)	(34,243)	(44,300)
<b>Net change in total pension liability (stipend)</b>	<b>(35,701)</b>	<b>(28,476)</b>	<b>(24,854)</b>	<b>(26,263)</b>
Total pension liability (stipend) - beginning	164,261	192,737	217,591	243,854
Total pension liability (stipend) - ending	<u>\$ 128,560</u>	<u>\$ 164,261</u>	<u>\$ 192,737</u>	<u>\$ 217,591</u>
Estimated covered - employee payroll	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	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 four 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**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
District proportion of the net OPEB asset/(liability)	0.04071557%	0.03926122%	0.03844079%
District's proportion of the net OPEB asset/(liability)	\$ 78,677	\$ 43,826	\$ 16,043
District's covered-employee payroll	\$ 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	1.76%	1.03%	0.40%
Plan fiduciary net position as a percentage of the total OPEB liability	144.40%	124.00%	108.88%

**Jackson County School District No. 35 Contributions**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 3,434	\$ 20,179	\$ 19,010
Contribution in relation to the contractually required	(3,434)	(20,179)	(19,010)
Contributions deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
Contributions as a percentage of covered-employee payroll	0.07%	0.45%	0.45%

**Notes to Schedule:**

**Significant Methods and Assumptions:**

A summary of assumption changes implemented since the December 31, 2017 valuation are outlined briefly 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 2018 Experience Study for the system, which was published on July 24, 2019, and can be found at:

[https://www.oregon.gov/pers/Documents/Exp\\_Study\\_2018.pdf](https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf)

**Other Information:**

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

<b>Total OPEB Liability:</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 46,025	\$ 45,412	\$ 47,583
Interest	38,434	38,936	34,229
Differences between expected and actual experience	(119,217)	-	-
Changes of assumptions of other inputs	20,318	(11,892)	(32,667)
Benefit payments	<u>(177,565)</u>	<u>(157,780)</u>	<u>(163,258)</u>
<b>Net change in total OPEB liability</b>	(192,005)	(85,324)	(114,113)
Total OPEB liability - beginning	<u>\$ 1,035,050</u>	<u>\$ 1,120,374</u>	<u>\$ 1,234,487</u>
Total OPEB liability - ending	<u><u>\$ 843,045</u></u>	<u><u>\$ 1,035,050</u></u>	<u><u>\$ 1,120,374</u></u>
Estimated covered - employee payroll	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
Total OPEB liability as a percentage of estimated covered - employee payroll	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 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 has adopted GASB 75 during fiscal 2018, as a result, only three 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, 2020**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 3,496,439	\$ 3,496,439	\$ 3,469,877	\$ (26,562)
Charges for services	7,200	7,200	3,450	(3,750)
Donations	-	-	1,140	1,140
Interest on investments	50,000	50,000	80,493	30,493
Miscellaneous	25,000	25,000	43,746	18,746
State sources				
Basic school support	8,339,723	8,850,661	8,637,383	(213,278)
Intergovernmental	202,339	202,339	166,906	(35,433)
Federal sources				
Intergovernmental	10,000	10,000	10,395	395
<b>TOTAL REVENUES</b>	<b>12,130,701</b>	<b>12,641,639</b>	<b>12,413,390</b>	<b>(228,249)</b>
<b>EXPENDITURES</b>				
Current				
Instruction	7,326,871	7,559,871	6,999,574	560,297
Support services	4,956,017	4,983,955	4,626,853	357,102
Facilities acquisition and construction	-	250,000	217,462	32,538
Contingency	852,313	852,313	-	852,313
<b>TOTAL EXPENDITURES</b>	<b>13,135,201</b>	<b>13,646,139</b>	<b>11,843,889</b>	<b>1,802,250</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,004,500)</b>	<b>(1,004,500)</b>	<b>569,501</b>	<b>1,574,001</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(417,500)	(417,500)	(417,500)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(417,500)</b>	<b>(417,500)</b>	<b>(417,500)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,422,000)</b>	<b>(1,422,000)</b>	<b>152,001</b>	<b>1,574,001</b>
<b>FUND BALANCE, July 1, 2019</b>	<b>1,422,000</b>	<b>1,422,000</b>	<b>1,450,589</b>	<b>28,589</b>
<b>FUND BALANCE, June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,602,590</b>	<b>\$ 1,602,590</b>

**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, 2020**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources				
Construction excise taxes	\$ 45,000	\$ 45,000	\$ 58,823	\$ 13,823
Charges for services	176,375	176,375	148,276	(28,099)
Donations	105,000	105,000	202,377	97,377
Interest on investments	3,000	3,000	3,188	188
Miscellaneous	92,243	92,243	86,388	(5,855)
State sources				
Basic school support	4,000	4,000	3,661	(339)
Intergovernmental	512,499	512,499	205,405	(307,094)
Federal sources				
Intergovernmental	1,242,997	1,242,997	1,144,837	(98,160)
<b>TOTAL REVENUES</b>	<b>2,181,114</b>	<b>2,181,114</b>	<b>1,852,955</b>	<b>(328,159)</b>
<b>EXPENDITURES</b>				
Current				
Instruction	1,917,520	1,917,520	1,280,310	637,210
Support services	841,433	841,433	518,166	323,267
Enterprise and community services	502,761	502,761	410,231	92,530
Facilities acquisition and construction	70,000	70,000	1,000	69,000
Contingency	537,000	537,000	-	537,000
<b>TOTAL EXPENDITURES</b>	<b>3,868,714</b>	<b>3,868,714</b>	<b>2,209,707</b>	<b>1,659,007</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,687,600)</b>	<b>(1,687,600)</b>	<b>(356,752)</b>	<b>1,330,848</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	417,500	417,500	417,500	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>417,500</b>	<b>417,500</b>	<b>417,500</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,270,100)</b>	<b>(1,270,100)</b>	<b>60,748</b>	<b>1,330,848</b>
<b>FUND BALANCE, July 1, 2019</b>	<b>1,270,100</b>	<b>1,270,100</b>	<b>1,238,262</b>	<b>(31,838)</b>
<b>FUND BALANCE, June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,299,010</b>	<b>\$ 1,299,010</b>



## **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, 2020**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>		
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 584,601	\$ 584,601	\$ 568,374	\$ (16,227)
Interest on investments	-	-	7,917	7,917
<b>TOTAL REVENUES</b>	<b>584,601</b>	<b>584,601</b>	<b>576,291</b>	<b>(8,310)</b>
<b>EXPENDITURES</b>				
Debt service	634,601	634,601	584,448	50,153
<b>TOTAL EXPENDITURES</b>	<b>634,601</b>	<b>634,601</b>	<b>584,448</b>	<b>50,153</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>(8,157)</b>	<b>41,843</b>
<b>FUND BALANCE, July 1, 2019</b>	<b>50,000</b>	<b>50,000</b>	<b>75,529</b>	<b>25,529</b>
<b>FUND BALANCE, June 30, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 67,372</b>	<b>\$ 67,372</b>

**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, 2020**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources				
Interest on investments	\$ 22,000	\$ 22,000	\$ 6,662	\$ (15,338)
<b>TOTAL REVENUES</b>	<u>22,000</u>	<u>22,000</u>	<u>6,662</u>	<u>(15,338)</u>
<b>EXPENDITURES</b>				
Facilities acquisition and construction	532,000	532,000	277,949	254,051
<b>TOTAL EXPENDITURES</b>	<u>532,000</u>	<u>532,000</u>	<u>277,949</u>	<u>254,051</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(510,000)</u>	<u>(510,000)</u>	<u>(271,287)</u>	<u>238,713</u>
<b>FUND BALANCE, July 1, 2019</b>	<u>510,000</u>	<u>510,000</u>	<u>480,681</u>	<u>(29,319)</u>
<b>FUND BALANCE, June 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,394</u>	<u>\$ 209,394</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, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources				
Charges for services (interfund)	\$ -	\$ -	\$ 65,887	\$ 65,887
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>65,887</u>	<u>65,887</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>65,887</u>	<u>65,887</u>
<b>FUND BALANCE, July 1, 2019</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, June 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,887</u>	<u>\$ 65,887</u>

**SCHOOL DISTRICT FINANCIAL**  
**ACCOUNTING SUMMARIES**

# JACKSON COUNTY SCHOOL DISTRICT NO. 35

## 2019-20 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 Activities
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

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3,469,877	-	568,374	-	-	-	-
-	-	-	-	-	-	-
-	58,823	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
80,493	3,188	7,917	6,662	-	-	-
-	38,440	-	-	-	-	-
3,450	109,836	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,140	202,377	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
388	-	-	-	-	-	-
-	-	-	-	-	65,887	-
-	-	-	-	-	-	-
43,358	86,388	-	-	-	-	-
3,598,706	499,052	576,291	6,662	-	65,887	-

Total Revenue from Local Sources

### 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

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Total Revenue from Intermediate Sources

### 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

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
8,637,383	-	-	-	-	-	-
-	3,661	-	-	-	-	-
89,907	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
76,999	205,405	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,804,289	209,066	-	-	-	-	-

Total Revenue from State Sources

### 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

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,118,807	-	-	-	-	-
-	-	-	-	-	-	-
10,395	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	26,030	-	-	-	-	-
10,395	1,144,837	-	-	-	-	-

Total Revenue from Federal Sources

### 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

Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
-	-	-	-	-	-	-
-	417,500	-	-	-	-	-
-	-	-	-	-	-	-
1,450,589	1,238,262	75,529	480,681	-	-	-
1,450,589	1,655,762	75,529	480,681	-	-	-

Total Revenue from Other Sources

### Grand Totals

\$ 13,863,979	\$ 3,508,717	\$ 651,820	\$ 487,343	\$ -	\$ 65,887	\$ -
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# JACKSON COUNTY SCHOOL DISTRICT NO. 35

## 2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY

Fund: 100 General Fund								
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-6	1,979,051	1,189,170	685,662	35,231	68,988	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	587,397	331,438	223,208	26,660	6,091	-	-	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	1,234,783	683,524	462,277	65,610	21,921	-	1,451	-
1132 High School Extracurricular	129,149	80,448	46,559	2,092	-	-	50	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1226 Home Instruction	13,228	6,747	2,772	1,485	224	-	2,000	-
1227 Extended School Year Programs	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	736	522	214	-	-	-	-	-
1260 Treatment and Habilitation	900,742	483,291	356,563	54,290	6,598	-	-	-
1272 Title I	22,032	-	-	22,032	-	-	-	-
1280 Alternative Education	20,220	12,591	7,629	-	-	-	-	-
1284 Alternative Education Home Tutor Programs	508,049	247,684	151,375	59,487	49,503	-	-	-
1288 Charter School Programs	4,721	3,353	1,368	-	-	-	-	-
1291 English Second Language Programs	1,569,322	-	-	1,569,111	211	-	-	-
1292 Teen Parent Program	19,915	11,394	8,272	-	249	-	-	-
	10,229	6,516	3,713	-	-	-	-	-
<b>Total Instruction</b>	<b>6,999,574</b>	<b>3,056,678</b>	<b>1,949,612</b>	<b>1,835,998</b>	<b>153,785</b>	<b>-</b>	<b>3,501</b>	<b>-</b>
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	43,250	-	-	43,250	-	-	-	-
2120 Guidance Services	145,634	82,254	60,943	2,437	-	-	-	-
2130 Health Services	1,589	-	-	-	1,589	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	264,035	155,866	101,888	5,271	910	-	100	-
2210 Improvement of Instruction Services	4,943	3,374	1,569	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2222 School Library Service	97,536	54,499	38,384	1,022	3,631	-	-	-
2230 Assessment & Testing	2,626	1,521	1,105	-	-	-	-	-
2240 Instructional Staff Development	1,352	-	-	924	428	-	-	-
2310 Board of Education Services	165,925	-	-	65,016	14,292	-	86,617	-
2312 Board Secretary Services	47,618	25,790	21,023	805	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2321 Board Secretary Services	395,771	208,302	145,264	25,990	9,387	-	6,828	-
2410 Office of the Principal Services	865,346	488,936	341,038	9,257	25,121	-	994	-
2490 Other Support Services - School Administration	5,276	-	-	5,276	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	346,773	193,102	125,238	3,816	14,020	-	10,597	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2542 Care & Upkeep-Bldg	937,438	301,647	201,294	387,930	46,542	-	25	-
2543 Care & Upkeep-Grounds	49,988	-	-	49,988	-	-	-	-
2545 Vehicle Purch., Service, Maintenance	10,148	-	-	8,680	1,468	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2552 Vehicle Operation	557,072	-	-	557,072	-	-	-	-
2558 Special Education Transportation Serv	267,115	108	47	266,910	50	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	18,608	-	-	18,608	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	220,066	111,004	79,887	25,134	3,956	-	85	-
2665 Communication Services	54,246	-	-	54,246	-	-	-	-
2669 Other Communication Services	4,026	-	-	4,026	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	120,472	34,596	85,876	-	-	-	-	-
<b>Total Support Services</b>	<b>4,626,853</b>	<b>1,660,999</b>	<b>1,203,556</b>	<b>1,535,658</b>	<b>121,394</b>	<b>-</b>	<b>105,246</b>	<b>-</b>
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
4110 Service Area Direction	24,654	-	-	-	24,654	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement	192,808	-	-	-	-	192,808	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction</b>	<b>217,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,462</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Uses Expenditures</b>								
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	417,500	-	-	-	-	-	-	417,500
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Requirements</b>	<b>417,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417,500</b>
<b>Grand Total</b>	<b>\$ 12,261,389</b>	<b>\$ 4,717,677</b>	<b>\$ 3,153,168</b>	<b>\$ 3,371,656</b>	<b>\$ 275,179</b>	<b>\$ 217,462</b>	<b>\$ 108,747</b>	<b>\$ 417,500</b>

# JACKSON COUNTY SCHOOL DISTRICT NO. 35

## 2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY

<b>Fund: 200 Special Revenue Funds</b>								
<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6	154,284	44,323	19,952	21,090	68,269	-	650	-
1113 Elementary Extracurricular	15,672	-	-	7,800	7,872	-	-	-
1121 Middle/Junior High Programs	350	-	-	-	350	-	-	-
1122 Middle/Junior High School Extracurricular	8,237	5,250	2,158	460	139	-	230	-
1131 High School Programs	223,778	68,040	66,794	37,181	51,628	-	135	-
1132 High School Extracurricular	226,593	66,630	18,198	38,140	73,268	-	30,357	-
1140 Pre-Kindergarten Programs	4,640	3,306	1,334	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	173,548	107,337	64,194	2,017	-	-	-	-
1260 Treatment and Habilitation	1,500	-	-	1,500	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	452,661	251,104	178,346	56	23,155	-	-	-
1280 Alternative Education	15,331	1,305	533	9,972	3,521	-	-	-
1288 Charter Schools	3,540	-	-	3,540	-	-	-	-
1291 English Second Language Programs	176	-	-	-	176	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>1,280,310</b>	<b>547,295</b>	<b>351,509</b>	<b>121,756</b>	<b>228,378</b>	<b>-</b>	<b>31,372</b>	<b>-</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	126,418	53,646	33,727	36,655	1,256	-	1,134	-
2121 Guidance Direction	5,000	-	-	5,000	-	-	-	-
2130 Health Services	42,237	-	-	40,217	2,020	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	1,613	-	-	1,613	-	-	-	-
2210 Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	99,450	18,246	2,425	75,516	3,263	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration	5,452	-	-	5,452	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	90	-	-	-	-	-	90	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2542 Care & Upkeep Bldg	72,124	3,480	-	43,196	25,448	-	-	-
2543 Care & Upkeep Grounds	74,542	-	-	74,542	-	-	-	-
2549 Oth Oper & Maint Plant Services	22,192	-	-	22,192	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	69,048	-	-	-	69,048	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>518,166</b>	<b>75,372</b>	<b>36,152</b>	<b>304,383</b>	<b>101,035</b>	<b>-</b>	<b>1,224</b>	<b>-</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	389,934	20,853	21,640	306,696	40,745	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	20,297	-	-	12,167	8,130	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services</b>	<b>410,231</b>	<b>20,853</b>	<b>21,640</b>	<b>318,863</b>	<b>48,875</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	1,000	-	-	-	-	1,000	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Requirements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 2,209,707</b>	<b>\$ 643,520</b>	<b>\$ 409,301</b>	<b>\$ 745,002</b>	<b>\$ 378,288</b>	<b>\$ 1,000</b>	<b>\$ 32,596</b>	<b>\$ -</b>



# JACKSON COUNTY SCHOOL DISTRICT NO. 35

## 2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY

**Fund: 300 Debt Service Funds**

<b>Instruction Expenditures</b>								
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	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Support Services Expenditures</b>								
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	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Enterprise and Community Services Expenditures</b>								
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	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Facilities Acquisition and Construction Expenditures</b>								
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	-	-	-	-	-	-	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Uses Expenditures</b>								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	584,448	-	-	-	-	584,448	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Requirements</b>	\$ 584,448	\$ -	\$ -	\$ -	\$ -	\$ 584,448	\$ -	\$ -
<b>Grand Total</b>	\$ 584,448	\$ -	\$ -	\$ -	\$ -	\$ 584,448	\$ -	\$ -

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**2019-20 DISTRICT AUDIT EXPENDITURE SUMMARY**

<b>Fund: 400 Capital Projects Fund</b>								
<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	-	-	-	-	-	-	-	-
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
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	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	-	-	-	-	-	-	-	-
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services</b>	-	-	-	-	-	-	-	-
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement	277,949	-	-	41,190	233,115	3,644	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction</b>	277,949	-	-	41,190	233,115	3,644	-	-
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Requirements</b>	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$ 277,949</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,190</b>	<b>\$ 233,115</b>	<b>\$ 3,644</b>	<b>\$ -</b>	<b>\$ -</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
2019-20 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	\$241,691
Function 2550	\$2,619

**B. Replacement of Equipment – General Fund:**

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

Exclude these functions:

\$0
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1113	Elementary Co-curricular Activities
1122	Middle School Co-curricular Activities
1132	High School Co-curricular Activities
1140	Pre-Kindergarten
1300	Continuing Education
1400	Summer School
2550	Pupil Transportation
3100	Food Service
3300	Community Services
4150	Construction

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

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

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, 2020, and have issued our report thereon dated December 11, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 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 audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*, except as disclosed in *Note 1* of the financial statements.

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

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

### **Restriction on Use**

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

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

Aria Bettinger, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 11, 2020

**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, the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County School District No. 35 (the District) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Aria Bettinger, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 11, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for 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, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.



## Report on Internal Control Over Compliance

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

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

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

### The Purpose of this Report

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



Aria Bettinger, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 11, 2020

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Grant Period</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Grant/Contract Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>				
Passed Through Oregon Department of Education:				
School Breakfast Program (SBP)	2019-2020	10.553	N/A	\$ 96,379
National School Lunch Program (NSLP)	2019-2020	10.555	N/A	197,819
Commodities NSLP	2017-2018	10.555	N/A	26,030
Total Child Nutrition Cluster				<u>320,228</u>
Passed through Southern Oregon Education Service District:				
Schools and Roads - Grants to States	2017-2018	10.665	N/A	10,395
Total Forest Service Schools and Roads Cluster				<u>10,395</u>
<b>Total U.S. Department of Agriculture</b>				<b>\$ 330,623</b>
<b>U.S. Department of Education</b>				
Passed Through Oregon Department of Education:				
Title I Grants to Local Educational Agencies (18-19)	2018-2019	84.010	50476	\$ 176,721
Title I Grants to Local Educational Agencies (19-20)	2019-2020	84.010	53360	295,050
Title I Grants to Local Educational Agencies (ESSA District Engagement)	2018-2019	84.010	52081	39,479
Total CFDA 84.010				<u>511,250</u>
Passed Through Oregon Department of Education:				
Special Education - Grants to States (18-20)	2018-2020	84.027	49950	30,931
Special Education - Grants to States (18-19)	2019-2021	84.027	53879	140,600
Special Education - Grants to States (18-19)	2019-2020	84.027	56742	2,417
Special Education - Preschool Grants (18-20)	2018-2020	84.173	50183	143
Special Education - Preschool Grants (19-21)	2019-2021	84.173	54075	1,357
Total Special Education Cluster (IDEA)				<u>175,448</u>
Passed Through Oregon Department of Education:				
Special Education - State Personnel Development	2019-2020	84.323	47594	13,567
Total CFDA 84.323				<u>13,567</u>
Passed Through Oregon Department of Education:				
Student Support and Academic Enrichment (18-19)	2018-2019	84.424	50815	11,447
Student Support and Academic Enrichment (19-20)	2019-2020	84.424	54612	29,234
Total CFDA 84.424				<u>40,681</u>
Passed Through Oregon Department of Education:				
Improving Effective Instruction State Grant (18-19)	2018-2019	84.367	49399	1,228
Improving Effective Instruction State Grant (19-20)	2019-2020	84.367	53622	43,321
Total CFDA 84.367				<u>44,549</u>
Passed through Southern Oregon Education Service District:				
Career and Technical Education - Basic Grants to States	2019-2020	84.048	N/A	4,503
Total CFDA 84.048				<u>4,503</u>
Passed through Southern Oregon Education Service District:				
English Language Acquisition State Grants (19-20)	2019-2020	84.365	N/A	520
Total CFDA 84.365				<u>520</u>
Passed through Oregon State University:				
Gaining Early Awareness and Readiness for Undergraduate Programs (17-18)	2018-2019	84.334	N/A	5,476
Gaining Early Awareness and Readiness for Undergraduate Programs (18-19)	2019-2020	84.334	N/A	28,615
Total CFDA 84.334				<u>34,091</u>
<b>Total U.S. Department of Education</b>				<b>\$ 824,609</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 1,155,232</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**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, 2020. 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, 2020, the District received food commodities totaling \$26,030.

**NOTE E – SUBRECIPIENTS:**

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2020.

**NOTE F – FEDERAL FOREST FEES:**

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**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 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 Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance for the major federal award programs for the District expressed an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this Schedule.
7. The program tested as a major program was:

U.S. Department of Education

Title IA

CFDA # 84.010

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