

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

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023
WITH
INDEPENDENT AUDITOR'S REPORT



**JACKSON COUNTY SCHOOL DISTRICT NO. 35
ROGUE RIVER, OREGON
JUNE 30, 2023**

Board of Directors

Bruce Sund, Chairman

Heather Friend, Vice - Chairman

Jay Chick, Director

Mysti Jacob, Director

Erin Poston, Director

All Board Members receive mail at the address listed below.

Administrative Staff

Patrick Lee, Superintendent

Don Sweeney, Business Manager

Address of Jackson County School District No. 35
Administrative Offices
1898 E. Evans Creek Road
Rogue River, OR 97537

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
ROGUE RIVER, OREGON
JUNE 30, 2023**



Jackson County School District No. 35

June 30, 2023

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| Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the internal service fund of Jackson County School District No. 35, Oregon, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the internal service fund of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements the District has adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements issued by the Governmental Accounting Standards Board (GASB). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the Table of Contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 7, 2023 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Aria Bettinger, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2023



| Management's Discussion and Analysis

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023. 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, 2023 by \$6.0 million. Of this amount, \$8.7 million represents the District's net investment in capital assets, \$10 thousand is restricted for debt service, \$50 thousand is restricted for scholarships, \$43 thousand is restricted for grants, \$284 thousand is restricted for capital projects, \$194 thousand is restricted for the student body, and \$191 thousand is restricted for food service, leaving a negative \$3.4 million balance in unrestricted net position.
- For the fiscal year ended June 30, 2023, the District's total net position increased by \$537 thousand. In the prior year, the District's total net position increased by \$1.37 million.
- The District's total expenditures increased from the prior year, \$16.6 million to \$17.9 million. In addition, District revenues increased from \$17.98 million to \$18.45 million.
- The District's governmental funds reported combined ending fund balance of \$3.98 million, a decrease of \$13 thousand in comparison to the prior year. Approximately 81 percent of this total amount, \$3.2 million, is available for spending to meet ongoing commitments and obligations of the District.
- At the end of the fiscal year, fund balance for the General Fund was \$2.3 million, up \$122 thousand from the prior year, an increase of about 6 percent. Unassigned fund balance in the General Fund represented about 17.2 percent of total General Fund expenditures, down from 17.6 percent in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the basic financial statements

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

Government-wide financial statements

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

The Statement of Net Position. The *Statement of Net Position* presents information on all of the assets, deferred outflows, liabilities and deferred inflows of the District at year end. Net position is what remains after the liabilities and deferred inflows have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023**

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, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's assets/deferred outflows exceeded liabilities/deferred inflows by \$5.83 million at June 30, 2023. At June 30, 2022 District assets/deferred outflows exceeded liabilities/deferred inflows by \$5.49 million. The increase in net position can be attributed to the decreases in long-term liabilities and deferred inflows of resources related to pensions and other post-employment health care benefits.

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2023	June 30, 2022	June 30, 2022
Assets:			
Current assets	\$ 5,342	\$ 5,269	\$ 73
Capital assets	9,264	9,686	(422)
Other assets	141	150	(9)
Total assets	<u>14,747</u>	<u>15,105</u>	<u>(358)</u>
Deferred outflows	<u>4,691</u>	<u>4,575</u>	<u>116</u>
Total assets and deferred outflows	<u>19,438</u>	<u>19,680</u>	<u>(242)</u>
Liabilities:			
Current liabilities	1,024	1,002	22
Other liabilities	9,287	6,929	2,358
Long-term liabilities	573	1,284	(711)
Total liabilities	<u>10,884</u>	<u>9,215</u>	<u>1,669</u>
Deferred inflows	<u>2,523</u>	<u>4,971</u>	<u>(2,448)</u>
Total liabilities and deferred inflows	<u>13,407</u>	<u>14,186</u>	<u>(779)</u>
Net position:			
Net investment in capital assets	8,691	8,402	289
Restricted	770	620	150
Unrestricted	(3,430)	(3,528)	98
Total net position	<u>\$ 6,031</u>	<u>\$ 5,494</u>	<u>\$ 537</u>

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Net position increased by \$337 thousand from the prior year.

Capital assets, which consist of the District's land, buildings and improvements, vehicles and equipment, right-of-use assets, and right-of use subscription assets represent about 48 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 \$4.69 million represent 24% of total assets and deferred outflows.

During the year ended June 30, 2023, the District made its last principal payment on the General Obligation Bond that was issued August 2017. Subsequent to year end, on July 27, 2023, the District issued another General Obligation Bond for \$4.465 million. See *Note 16* of the Notes to the Financial Statements for more information.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The District's largest liability is the net pension liability (OPERS), it represents 64 percent of the total liabilities and deferred inflows of resources. The remaining liabilities/deferred inflows are made up of short-term accounts payable, deposits payable, unearned grant revenue, accrued salaries and benefits, leases and IT subscription payables, and deferred amounts related to pensions and other postemployment benefits.

The District implemented GASB 96 in the current year. The implementation required the recognition of a contract that transfers the rights to use another entity's subscription-based information technology assets for a specific period of time in an exchange or exchange-like transaction. There were multiple additions in the current year which led to an increase in subscription assets and subscription liabilities.

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

Governmental activities. As previously stated, all District activities are governmental in nature, and during the current fiscal year, the District's net position increased by \$537 thousand. The increase can be primarily attributed to the increase in operating grants and contributions.

	Governmental Activities (in thousands)		Increase (Decrease) From
	June 30, 2023	June 30, 2022	June 30, 2022
Revenues:			
Program revenues:			
Charges for service	\$ 147	\$ 117	\$ 30
Operating grants and contributions	4,151	4,503	(352)
General revenues:			
Property taxes	4,538	4,372	166
State school fund - general support	9,215	8,684	531
Other federal, state and local sources	156	163	(7)
Earnings on investments	163	29	134
Miscellaneous	80	115	(35)
Total revenues	<u>18,450</u>	<u>17,983</u>	<u>467</u>
Expenses:			
Instruction	10,910	10,391	519
Support services	6,401	5,749	652
Enterprise and community services	573	433	140
Interest on long-term debt	29	39	(10)
Total expenses	<u>17,913</u>	<u>16,612</u>	<u>1,301</u>
Change in net position	<u>\$ 537</u>	<u>\$ 1,371</u>	<u>\$ (834)</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 resources available for spending at the end of a fiscal year.

At June 30, 2023, the District's governmental funds reported combined ending fund balances of \$3.98 million, a decrease of \$13 thousand in comparison with the prior year. About \$3.2 million (81 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 (\$284 thousand).

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2023, fund balance was \$2.25 million. The fund balance increased by approximately \$122 thousand during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance of \$2.25 million represents about 17.2 percent of total General Fund expenditures.

Special Revenue Fund. The Special Revenue Fund had a total fund balance of \$1.55 million, of which none is unassigned. The net decrease in fund balance during the current year was \$100 thousand. The Committed fund balance of \$501 thousand represents amounts reserved for capital improvements and pension reserve. The Assigned fund balance of \$451 thousand represents amounts held for school improvement. The remaining \$596 thousand is legally restricted for specific purposes.

Debt Service Fund. The Debt Service Fund had a total fund balance of \$10 thousand, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year was \$19 thousand.

Capital Projects Fund. The Capital Projects Fund had a total fund balance of \$165 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 2023-2024 school year is the last when the District will have access to ESSER funds from the federal government. These funds have been crucial in offsetting enrollment losses and additional expenses incurred due to Covid-19. For this period, the District projects it will use its final allocation of \$760,000 on payroll. Enrollment has stabilized at 875 students across all schools for both the 2022-2023 and 2023-2024 school years. This is a decrease from the 2019-2020 enrollment of 902 students, translating to an approximate loss of \$365,000 in annual funding. Consequently, the District will need to reduce staffing to compensate for this funding shortfall. However, these reductions are not expected to pose a long-term financial challenge, as the District has been strategically reducing staff through attrition over the years. Currently, the loss of ESSER funding represents the District's most significant financial challenge.

With regard to facility acquisition and improvement, the District will be able to take substantial steps forward, thanks to the passage of a General Obligation bond in May of 2023 and several State Facility Grants. The Lottery Bond Grant of \$3,000,000 will enable the District to build an early learning center, complete with a student-based health clinic, on the elementary school grounds. This facility will be approximately 5,000 square feet and will provide space for a pre-kindergarten program.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

CURRENT ECONOMIC FACTORS (continued)

Next, the District passed a \$4,465,000 General Obligation bond in May of 2023 and received a state OSCIM matching grant of \$4,000,000. These funds will be used to build a new 13,000 square foot wing on the current High School grounds, allowing for the separation of seventh and eighth grade students from the 9-12 grade students. The funds will also enable the District to convert the open campus designs of both Elementary East and West into campuses with single access points, thereby improving student safety. The final use of the funds will be for mechanical upgrades to the existing District buildings, primarily focusing on plumbing and electrical improvements at the high school. All the construction projects are scheduled to take place within the next two years.

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, 2023

	Governmental Activities
ASSETS:	
Cash, cash equivalents and investments	\$ 4,358,299
Receivables	983,426
Prepaid expenses	672
Capital assets, net	9,252,677
Right-of-use IT subscription assets, net	11,462
Other post-employment asset (RHIA)	141,189
	14,747,725
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions (OPERS)	4,519,748
Deferred outflows related to pensions (early retirement stipend benefit plan)	13,855
Deferred outflows related to other post-employment benefits (single-employer defined benefit plan)	147,730
Deferred outflows related to other post-employment benefits (RHIA)	10,009
	4,691,342
	19,439,067
LIABILITIES:	
Accounts payable	174,679
Accrued salaries and benefits	709,764
Unearned revenue	139,657
Deposits payable	500
Net pension liability (OPERS)	8,625,089
Other post employment benefit obligation (OPEB)	616,349
Early retirement stipend pension plan obligation	45,133
Lease liability	
Due within one year	269,664
Due in more than one year	293,930
Subscription liability	
Due within one year	4,773
Due in more than one year	5,036
	10,884,574
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pensions (OPERS)	2,391,949
Deferred inflows related to other post-employment benefits (single-employer defined benefit plan)	111,649
Deferred inflows related to other post-employment benefits (RHIA)	19,299
	2,522,897
	13,407,471
NET POSITION:	
Net investment in capital assets	8,690,736
Restricted for debt service	9,832
Restricted for scholarships	49,739
Restricted for grants	42,548
Restricted for capital projects	283,652
Restricted for student body	194,059
Restricted for food service	190,575
Unrestricted	(3,429,545)
	6,031,596
	\$ 6,031,596

See notes to basic financial statements

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions		Position
Governmental activities:				
Instruction	\$ 10,910,626	\$ 93,506	\$ 2,635,409	\$ (8,181,711)
Supporting services	6,408,365	37,149	1,043,162	(5,328,054)
Enterprise and community services	573,304	16,674	472,550	(84,080)
Interest on long-term debt	28,876	-	-	(28,876)
Total governmental activities	\$ 17,913,389	\$ 147,329	\$ 4,151,121	(13,614,939)
General revenues:				
Property taxes levied for general purposes				3,930,854
Property taxes levied for debt service				607,102
Construction excise tax				36,957
State school fund - general support				9,215,102
Common school fund				108,735
Federal forest fees				9,998
Earnings on investments				163,084
Miscellaneous				79,983
Total general revenues				14,151,815
CHANGE IN NET POSITION				536,876
NET POSITION - JULY 1, 2022				5,494,720
NET POSITION - JUNE 30, 2023				\$ 6,031,596



| Fund Financial Statements

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:					
Equity in pooled cash, cash equivalents and investments	\$ 2,982,390	\$ 1,021,475	\$ 3,243	\$ 164,639	\$ 4,171,747
Property taxes receivable	175,532	-	27,091	-	202,623
Receivables	3,313	777,490	-	-	780,803
Prepaid	672	-	-	-	672
TOTAL ASSETS	\$ 3,161,907	\$ 1,798,965	\$ 30,334	\$ 164,639	\$ 5,155,845
LIABILITIES:					
Accounts payable	\$ 63,570	\$ 111,109	\$ -	\$ -	\$ 174,679
Accrued salaries and benefits	709,764	-	-	-	709,764
Deposits payable	500	-	-	-	500
Unearned revenue	-	139,657	-	-	139,657
TOTAL LIABILITIES	773,834	250,766	-	-	1,024,600
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	132,840	-	20,502	-	153,342
TOTAL DEFERRED INFLOWS OF RESOURCES	132,840	-	20,502	-	153,342
Non-spendable	672	-	-	-	672
Restricted:					
Debt service	-	-	9,832	-	9,832
Scholarships	-	49,739	-	-	49,739
Grants	-	42,548	-	-	42,548
Student body	-	194,059	-	-	194,059
Capital projects	-	119,013	-	164,639	283,652
Food service	-	190,575	-	-	190,575
Committed:					
PERS reserve	-	500,000	-	-	500,000
Capital outlay	-	1,179	-	-	1,179
Assigned	-	451,086	-	-	451,086
Unassigned	2,254,561	-	-	-	2,254,561
Total fund balances	2,255,233	1,548,199	9,832	164,639	3,977,903
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,161,907	\$ 1,798,965	\$ 30,334	\$ 164,639	\$ 5,155,845

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2023**

TOTAL FUND BALANCES		\$ 3,977,903
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$ 20,003,069	
Accumulated depreciation and amortization	<u>(10,750,392)</u>	9,252,677
Subscription-based right-of-use IT assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$ 17,194	
Accumulated amortization	<u>(5,732)</u>	11,462
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.		
		153,342
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.		
		186,552
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.		
		141,189
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.		
		2,168,445
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:		
Lease liability	\$ (563,594)	
Subscription liability	(9,809)	
Net pension liability	(8,625,089)	
Other postemployment benefits	(616,349)	
Early retirement benefits (stipend)	<u>(45,133)</u>	<u>(9,859,974)</u>
TOTAL NET POSITION		\$ <u>6,031,596</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Construction excise taxes	\$ -	\$ 36,957	\$ -	\$ -	\$ 36,957
Property taxes	3,921,200	-	605,514	-	4,526,714
Basic school support	9,211,839	3,263	-	-	9,215,102
Intergovernmental	217,819	3,959,270	-	-	4,177,089
Charges for services	4,255	143,074	-	-	147,329
Donations	-	94,538	-	-	94,538
Interest on investments	138,700	3,937	14,685	5,762	163,084
Miscellaneous	39,730	37,394	-	-	77,124
TOTAL REVENUES	13,533,543	4,278,433	620,199	5,762	18,437,937
EXPENDITURES					
Current					
Instruction	7,698,777	3,071,672	-	-	10,770,449
Support services	5,388,910	1,196,745	-	-	6,585,655
Enterprise and community services	-	554,113	-	-	554,113
Facilities and acquisition	-	55,890	-	21,780	77,670
Debt service	-	-	639,384	-	639,384
TOTAL EXPENDITURES	13,087,687	4,878,420	639,384	21,780	18,627,271
Excess (Deficiency) of Revenues Over Expenditures	445,856	(599,987)	(19,185)	(16,018)	(189,334)
OTHER FINANCING SOURCES (USES):					
Issuance of leases	159,360	-	-	-	159,360
Issuance of SBITAS	17,194	-	-	-	17,194
Interfund transfers	(500,000)	500,000	-	-	-
TOTAL OTHER FINANCING SOURCES	(323,446)	500,000	-	-	176,554
NET CHANGE IN FUND BALANCE	122,410	(99,987)	(19,185)	(16,018)	(12,780)
FUND BALANCE, July 1, 2022	2,132,823	1,648,186	29,017	180,657	3,990,683
FUND BALANCE, June 30, 2023	\$ 2,255,233	\$ 1,548,199	\$ 9,832	\$ 164,639	\$ 3,977,903

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCE		\$ (12,780)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded expenditures.</p>		
Expenditures for capital assets	\$ 314,833	
Less: Current year depreciation and amortization	<u>(748,330)</u>	(433,497)
<p>Governmental funds report purchase of subscription-based right-of-use software assets as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the term of the software license and reported as amortization expenses. This is the amount by which expenditures exceeded amortization.</p>		
Expenditures for subscription-based right-of-use software assets	\$ 17,194	
Less: Current year amortization	<u>(5,732)</u>	11,462
<p>Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>		
Debt principal repaid	\$ 627,224	
Leases principal repaid	252,414	
Subscription liability	<u>7,385</u>	887,023
<p>Issuance of leases and SBITAS are an other financing source in the governmental funds, but increases the liability in the Statement of Net Position.</p>		
		(176,554)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
		11,242
<p>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.</p>		
		52,276
<p>Government funds report pension and OPEB contributions as expenditures. In the Statement of Activities, the cost of pension and OPEB benefits earned (actuarially determined) net of employee contributions is reported as pension and OPEB expense.</p>		
		<u>197,704</u>
CHANGE IN NET POSITION		<u><u>\$ 536,876</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2023**

	Internal Service Fund
ASSETS:	
Equity in pooled cash, cash equivalents and investments	\$ 186,552
TOTAL ASSETS	\$ 186,552
NET POSITION:	
Fund Balances:	
Unrestricted	\$ 186,552
TOTAL NET POSITION	\$ 186,552

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Internal Service Fund
OPERATING REVENUES:	
Charges for services (interfund)	\$ 52,276
TOTAL OPERATING REVENUES	52,276
CHANGE IN NET POSITION	52,276
NET POSITION, July 1, 2022	134,276
NET POSITION, June 30, 2023	\$ 186,552

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash from interfund services provided	<u>\$ 52,276</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>52,276</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	52,276
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>134,276</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 186,552</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	<u>\$ 52,276</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 52,276</u></u>



| **Notes to Basic Financial Statements**

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

The District reports the following as major governmental funds:

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

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

Debt Service Fund - This Debt Service Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue source is property taxes.

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

Additionally, the District reports the following fund:

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

Measurement Focus and Basis of Accounting

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

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

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

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

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

Property Taxes Receivable

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

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

Accounts and Other Receivables

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

Grants

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

Leases

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Leases (continued)

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

Subscription-based IT Arrangements

The District leases various subscription-based IT arrangement (SBITA) assets requiring recognition. A right-to-use subscription asset is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract, with a noncancelable term greater than one year in an exchange or exchange-like transaction.

At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any lease incentives). The subscription liability is reduced by the principal portion of payments made. The right-to-use subscription asset is measured at the initial subscription liability amount payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription asset is amortized on a straight-line basis over the course of the subscription term.

Key Estimates and Judgments

Subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate stated in the subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the District uses its estimated incremental borrowing rate as the discount rate for the subscriptions.
- The lease term includes the noncancellable period of the subscription, the option renewal periods if government is reasonably expected to exercise, certain periods covered by options to extend or terminate to reflect how long the subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as capitalizable implementation costs and certain other payments less subscription incentives are included in the measurement of the subscription liability and asset.

The District monitors changes in circumstances that would require a remeasurement or modification of its subscription liabilities. The District will remeasure the subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. The District will also update the discount rate as part of the remeasurement if there is a change in the subscription term and that change is expected to significantly affect the amount of the subscription liability.

The District has chosen not to implement GASB 96 for the budgetary basis of accounting. For both the budgetary basis of accounting and for subscriptions that do not meet the criteria for valuation under GASB 96, the District will report outflows of cash for subscription agreements.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

Self-Insurance

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

Pensions

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

Post-Employment Stipend Benefits

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

Post-Employment Health Care Benefits

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

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

Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of deferred outflows, both arise under the full accrual basis of accounting that qualifies for reporting in this category: deferred amounts related to pensions and deferred amounts related to other post-employment benefits. These amounts are reported in the government-wide statement of net position.

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

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

Long-term Debt

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position/Fund Balance

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

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

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

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

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

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

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

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

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

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

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

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. This budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The District did not exceed its appropriations for the year ended June 30, 2023.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Appropriations lapse at the end of each fiscal year.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval.

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

Use of Estimates

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

Adoption of New GASB Pronouncements

During the year ended June 30, 2023, the District implemented the following GASB Pronouncements:

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. There was no effect on the District's financial statements following implementation.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Adoption of New GASB Pronouncements (continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The implementation of this statement had no effect on net position. There was an initial subscription-based IT liability and right-of-use IT asset recorded in the amount of \$17,194. See note 7.

Future Adoption of GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. Issued in June 2022, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective in fiscal year 2024.

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

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

Note 2 - Cash and Investments

Cash and investments are comprised of the following at June 30, 2023:

Petty cash	\$ 1,022
Carrying amount of demand deposits	464,727
Certificates of deposit	32,455
Carrying amount of investments	<u>3,860,095</u>
Total cash and investments	<u>\$ 4,358,299</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2 - Cash and Investment (continued)

Deposits

The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2023. 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, 2023, the bank balances were \$764,258. All deposits are held in the name of the District. At June 30, 2023, the District had \$514,258 in deposits that were not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

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

Custodial Credit Risk

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

Investments

The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2023. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2 - Cash and Investment (continued)

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

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2023, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk

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

Concentration of Credit Risk

The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk

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

Disclosures about Fair Value of Assets

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

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

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

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 2 - Cash and Investment (continued)

At June 30, 2023, the District's investments had the following fair value measurements:

Investments Measured at Fair Value:	Totals at June 30, 2023	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government					
Investment Pool	\$ 3,860,095	\$ -	\$ -	\$ -	\$ 3,860,095
Certificates of deposit	32,455	-	-	-	32,455
	<u>\$ 3,892,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,892,550</u>

At June 30, 2023, 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	\$ 3,860,095	\$ 3,860,095	\$ -	\$ -
Certificates of deposit	32,455	22,000	10,455	-
	<u>\$ 3,892,550</u>	<u>\$ 3,882,095</u>	<u>\$ 10,455</u>	<u>\$ -</u>

Note 3 - Receivables

At June 30, 2023, the District's receivables are comprised of the following:

	Property Taxes	Grants/Other	Total
General Fund	\$ 175,532	\$ 3,313	\$ 178,845
Special Revenue Fund	-	777,490	777,490
Debt Service Fund	27,091	-	27,091
	<u>\$ 202,623</u>	<u>\$ 780,803</u>	<u>\$ 983,426</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Capital assets not being depreciated or amortized				
Land	\$ 286,801	\$ -	\$ -	\$ 286,801
Total capital assets not being depreciated or amortized	286,801	-	-	286,801
Capital assets being depreciated or amortized				
Buildings and improvements	18,293,186	80,225	-	18,373,411
Vehicles and equipment	208,931	78,238	-	287,169
Right-of-use	899,318	156,370	-	1,055,688
Total capital assets being depreciated or amortized	19,401,435	314,833	-	19,716,268
Less accumulated depreciation or amortization for:				
Buildings and improvements	(9,619,530)	(459,450)	-	(10,078,980)
Vehicles and equipment	(126,818)	(21,943)	-	(148,761)
Right-of-use	(255,714)	(266,937)	-	(522,651)
Total accumulated depreciation or amortization	(10,002,062)	(748,330)	-	(10,750,392)
Total capital assets (net)				
Land	286,801	-	-	286,801
Buildings and improvements	8,673,656	(379,225)	-	8,294,431
Vehicles and Equipment	82,113	56,295	-	138,408
Right-of-use	643,604	(110,567)	-	533,037
Total capital assets (net)	\$ 9,686,174	\$ (433,497)	\$ -	\$ 9,252,677

Depreciation and amortization expense for the fiscal year was \$748,330 and was allocated to the various functions as follows:

Instruction	\$ 469,299
Supporting Services	263,789
Community Services	15,242
Total	<u>\$ 748,330</u>

Right-of-Use assets

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4 - Capital Assets (continued)

Lease right-of-use assets at June 30, 2023 consisted of the following:

	Balance June 30, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Leased assets being amortized				
Buildings and improvements	\$ 306,433	\$ 150,470	\$ -	\$ 456,903
Vehicles and equipment	592,885	5,900	-	598,785
Total leased assets being amortized	899,318	156,370	-	1,055,688
Less accumulated amortization for:				
Buildings and improvements	(61,287)	(71,429)	-	(132,716)
Vehicles and equipment	(194,427)	(195,508)	-	(389,935)
Total accumulated amortization	(255,714)	(266,937)	-	(522,651)
Total leased assets (net)				
Buildings and improvements	245,146	79,041	-	324,187
Vehicles and equipment	398,458	(189,608)	-	208,850
Total leased assets (net)	\$ 643,604	\$ (110,567)	\$ -	\$ 533,037

Note 5 - Interfund Transfers

Interfund transfers for the year ended June 30, 2023 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 500,000
Special Revenue Fund	500,000	-
Total Transfers	\$ 500,000	\$ 500,000

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

Note 6 - Leases Payable

The District is the lessee under nine non-cancellable lease agreements related to buildings, student transportation, copiers and postage machines. Of these, all are qualified leases under GASB Statement No. 87 with periods covering various ranges and the latest expiring on June 30, 2029, including extension options which are expected to be exercised. Monthly payments for the current year range from \$106 to \$15,312, with an interest rate of 1.97% to 3.04%.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 - Leases Payable (continued)

During the year ended June 30, 2023, lease principal and interest payments of \$252,414 and \$13,412 were made, respectively. Future minimum lease payments for these leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 269,664	\$ 8,256	\$ 277,920
2025	80,295	4,957	85,252
2026	74,120	3,418	77,538
2027	46,411	2,259	48,670
2028	46,165	1,340	47,505
2029	46,939	425	47,364
	<u>\$ 563,594</u>	<u>\$ 20,655</u>	<u>\$ 584,249</u>

	Balance at June 30, 2022	Additions	Principal Payments	Balance at June 30, 2023
Leases payable	<u>\$ 656,648</u>	<u>\$ 159,360</u>	<u>\$ (252,414)</u>	<u>\$ 563,594</u>

Variable payments related to lease agreements that are qualified leases under GASB 87 are not included in the measurement of the lease liability. During the year ended June 30, 2023, the District paid \$843,290 in variable payments related to the qualified lease for student transportation services.

Note 7- Subscription-Based Information Technology Arrangements (SBITA)

The District is the lessee under a non-cancellable lease agreement related to software licenses. The agreement is qualified as a subscription based information technology agreement under GASB Statement No. 96 covering a period of July 1, 2022 through June 30, 2025. The agreement includes extensions expected to be exercised. Payment made for the current year was \$7,699, with an interest rate of 3.26%.

As of June 30, 2023, the Statement of Net Position includes the following amounts relating to SBITA:

	June 30, 2022	Additions	Deletions	June 30, 2023
Right-of-use IT subscription assets	\$ -	\$ 17,194	\$ -	\$ 17,194
Accumulated amortization	-	(5,732)	-	(5,732)
	<u>\$ -</u>	<u>\$ 11,462</u>	<u>\$ -</u>	<u>\$ 11,462</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 7 – Subscription-Based Information Technology Arrangements (SBITA) (continued)

	June 30, 2022	Additions	Payments	June 30, 2023
Subscription liability	\$ -	\$ 17,194	\$ (7,385)	\$ 9,809

The future principal and interest subscription liability payments are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 4,773	\$ 161	\$ 4,934
2025	5,036	-	5,036
	\$ 9,809	\$ 161	\$ 9,970

Note 8 - 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, 2023, the various components of unavailable and unearned revenue included in the governmental funds' Balance Sheet consists of the following:

	Unavailable	Unearned	Total
General Fund			
Property taxes	\$ 132,840	\$ -	\$ 132,840
Special Revenue Fund			
Grants	-	139,657	139,657
Debt Service Fund			
Property taxes	20,502	-	20,502
Total	\$ 153,342	\$ 139,657	\$ 292,999

Note 9 - 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. Following a final principal payment of \$627,224, the obligation was paid in full as of June 30, 2023.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan

Tax Sheltered Annuity Plan

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

Early Retirement Stipend Pension Plan

Plan Description

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

Funding Policy

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

Employees Covered by Benefit Terms

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

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

Total Stipend Pension Liability

The District's total stipend pension liability of \$45,133 was measured as of June 30, 2022 and was determined by an actuarial valuation date as of July 1, 2021.

Actuarial Methods and Assumptions

The actuarial valuation used for the early retirement stipend pension plan is identical to the actuarial valuation details related to the single employer defined benefit health plan disclosed in *Note 11 – Postemployment Benefits Other Than Pensions (OPEB)*.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

Changes in the Total Stipend Pension Liability

Changes in the Stipend Pension Liability -	
Total stipend pension liability at June 30, 2022	\$ 68,758
Service cost	575
Interest on total pension liability	1,241
Effect of economic/demographic gains or losses	-
Changes of assumptions	(1,598)
Benefit payments	(23,843)
Total stipend pension liability at June 30, 2023	\$ 45,133

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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total stipend pension liability	\$ (46,189)	\$ (45,133)	\$ (44,101)

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

For the year ended June 30, 2023, the District recognized a reduction in stipend pension expense of \$13,637. The reduction of pension expense was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 65.2%, 34.5%, and 0.3% respectively.

At June 30, 2023, 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	13,855	-
Total	\$ 13,855	\$ -

The \$13,855 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, 2024.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 - Defined Benefit Pension Plan (continued)

OPERS Plan

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

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program. Membership includes public employees hired on or after August 29, 2003.

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

Tier One/Tier Two (Chapter 238)

Pension Benefits – The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit.

These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for Police and Fire employees, 1.67 percent for General Service employees) is multiplied by the number of years of service and the final average salary.

Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022, and it is indexed with inflation every year.

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 (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 - Defined Benefit Pension Plan (continued)

Death Benefits – Upon the death of a nonretired 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:

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

Disability Benefits – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) 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 (55 for Police and Fire members) when determining the monthly benefit.

Benefit Changes After Retirement – Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations 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.

OPSRP Pension Program (Chapter 238A)

Pension Benefits - The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022, and will be indexed with inflation each year.

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 - Defined Benefit Pension Plan (continued)

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

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

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.

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

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

Employer contributions during the period July 1, 2021, through June 30, 2023, were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. For the period July 1, 2022 through June 30, 2023 employer contribution rates were 26.83% for Tier 1/Tier 2 employees and 23.72% for OPSRP General Employees. Employer contributions for the year ended June 30, 2023, were \$1,616,859.

Pension Plan Annual Comprehensive Financial Report (ACFR) –

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

OPERS produces an independently audited ACFR which includes the pension and OPEB plans and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

Actuarial Valuation –

The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability -

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 24, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return ¹	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 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.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

Actuarial Valuation – (continued)

Assumed Asset Allocation -

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Real assets	7.50%
Diversity strategies	7.50%
Risk parity	2.50%
Total	100.00%

Long-term Expected Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the OPERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

Long-term Expected Rate of Return – (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US cash	-2.50% *	1.76%
Total	<u>100.00%</u>	
Assumed inflation - mean		2.40%

* Negative allocation to cash represents leveled exposure from allocation to risk parity strategy.

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

At June 30, 2023, the District reported a liability of \$8,625,089 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 (measurement date), the District’s proportion was approximately 0.05632893 percent.

For the year ended June 30, 2023, the District recognized a decrease in pension expense of \$121,719. The \$121,719 was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 65.2%, 34.5%, and 0.3% respectively.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

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

At June 30, 2023, 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:	\$ 418,679	\$ 53,788
Changes of assumptions:	1,353,323	12,364
Net difference between projected and actual earnings on investments:	-	1,541,999
Changes in proportionate share:	768,911	178,332
Differences between employer contributions and employer's proportionate share of system contributions:	361,976	-
Contributions subsequent to measurement date:	1,616,859	-
Total	\$ 4,519,748	\$ 2,391,949

The \$1,616,859 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, 2024.

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	Deferred Outflow/(Inflow)
June 30,	of Resources
2024	\$ 266,063
2025	(29,910)
2026	(542,923)
2027	789,098
2028	28,612
Thereafter	-
Total	\$ 510,940

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate:

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension	\$ (15,295,850)	\$ (8,625,089)	\$ (3,041,971)

Changes in Assumptions

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

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2022/Actuarial-Valuation-Results.pdf>

Assumption Changes

- There were no changes to actuarial assumptions since the December 31, 2020 actuarial valuation.

Actuarial Methods

- There were no changes to actuarial methods since the December 31, 2020 actuarial valuation.

Plan Changes

- There were no changes to plan provisions valued since the December 31, 2020 actuarial valuation. The provisions of Senate Bill 111 and House Bill 2906, both enacted in June 2021, were reflected in the December 31, 2020 actuarial valuation.

Defined Contribution Plan - Individual Account Program (IAP)

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

Upon retirement, a member of the 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. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 10 - Defined Benefit Pension Plan (continued)

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

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

Contributions – Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

During 2023, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2023 were \$385,529, of which \$327,294 was deposited into the individual members' accounts.

Note 11 - Post-Employment 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 implicit subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

Generally, for explicit medical benefits, the program covers retirees under the following eligibility criteria: Confidential and Administrative Employees hired before September 1, 1998 retiring with at least 8 years of service, Certified Employees hired before April 1, 1999 and retiring with at least 15 years of service, and full-time Classified Employees hired before July 1, 2005 and retiring with at least 20 years of service. The coverage is paid for seven years or until Medicare eligibility, whichever comes first. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)

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 \$531 for employee or \$1,757 for family benefits for the fiscal year ended June 30, 2023. 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.

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, 2023, the following employees were covered by the explicit benefit terms:

Employees Covered by Benefit Terms

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

Total OPEB Liability

The districts total OPEB liability of \$616,349 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2021.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Actuarial Assumptions and Other Inputs

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

<u>Input</u>	<u>Assumption</u>
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	3.54% for year ended 2022. Amounts reflect 20-year GO Bond Index
General Inflation	Between 3.25% and 5.50% annually
Salary Scale	2.40% per year
Health Care Cost Trend	3.40% per year
Dental and Vision Trend	Maximum stipend amounts were not assumed to increase in future years.
Annual Premium Increase Rate	Life insurance coverage amounts were not assumed to increase in future years.
Mortality Rates	PUB-2010 Teacher Employee and Healthy Retiree tables
Withdrawal	Based upon OPERS assumption, annual rates are based on gender and duration of employment.
Retirement	Based upon OPERS assumption, annual rates are based on age, Tier / OPSRP, and duration of service.
Excluded Employees	Part-time employees not eligible to participate in OPERS or not eligible for health care benefits were generally excluded from valuation.
Past PERS Service	PERS service as of the valuation date was generally estimated based upon information provided by the District.
Future PERS Service	Projected PERS service for retirement eligibility is generally assumed to accrue at a rate of 1.0 per year until retirement.
Future Retiree Coverage	100% of active members eligible for District-paid health coverage are assumed to elect coverage upon retirement until age 65. 80% of these members are also assumed to elect spouse coverage.
Lapse Rate	Stipend Benefits were assumed to be paid as cash, and therefore subject to an additional 7.65% FICA tax. 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.

Changes in the Total OPEB Liability

Total OPEB Liability at June 30, 2022	\$	722,922
Changes for the year:		
Service cost		73,031
Interest		15,555
Effect on economic/demographic gains or losses		-
Assumptions or other input		(42,693)
Benefit payments		(152,466)
Total OPEB Liability at June 30, 2023	\$	<u>616,349</u>

Changes since prior valuation

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

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

For the year ended June 30, 2023, the District recognized a reduction of OPEB expense of \$43,958. The reduction of OPEB expense are treated as reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 65.2%, 34.5%, and 0.3% respectively.

As of June 30, 2023, 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	\$ -	\$ 73,278
Changes of assumptions or other input	37,664	38,371
Contributions subsequent to measurement date	110,066	-
Total	\$ 147,730	\$ 111,649

The \$110,066 reported as deferred outflows of resources related to OPEB resulting from District payments subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2024.

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:

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2024	\$ (18,426)
2025	(17,344)
2026	(15,912)
2027	(3,422)
2028	(7,091)
Thereafter	(11,790)
Total	\$ (73,985)

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 (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ (641,450)	\$ (616,349)	\$ (592,399)

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ (582,099)	\$ (616,349)	\$ (656,030)

Retirement Health Insurance Account (RHIA)

Plan Description

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

Funding Policy

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

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

Contributions

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the fiscal year ended June 30, 2023 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$801 for the year ended June 30, 2023.

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Actuarial Valuation

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 10* Pension Plan except for the table listed below:

Actuarial assumptions:	
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15.0%
Healthcare cost trend rate	Not applicable
Cost-of-living adjustments (COLA)	Not applicable

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

At June 30, 2023, the District reported \$141,189 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. 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, 2022 (measurement date) the District's proportion was approximately 0.03973399 percent.

For the year ended June 30, 2023, the District recognized a reduction of OPEB expense related to RHIA of \$18,390. The \$18,390 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Enterprise and Community Services using allocation percentages of 65.2%, 34.5%, and 0.3% respectively.

At June 30, 2023, 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	\$ -	\$ 3,826
Changes of assumptions	1,105	4,706
Net difference between projected and actual earning on investments	-	10,767
Changes in proportionate share	8,103	-
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	801	-
Total	<u>\$ 10,009</u>	<u>\$ 19,299</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11 - Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) (continued)

The \$801 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, 2024.

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

Year Ended June 30,	Deferred Outflow/(Inflow) of Resources
2024	\$ (2,127)
2025	(4,618)
2026	(6,795)
2027	3,449
2028	-
Thereafter	-
Total	\$ (10,091)

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

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

District's Net OPEB Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	\$ 127,251	\$ 141,189	\$ 153,137

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

Note 12 - 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 13 - 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 14 - 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, 2023.

Note 15 - Tax Abatements

As of June 30, 2023, Jackson County provides tax abatements through one program, the Enterprise Zone, which affects the district. For the year ended June 30, 2023, taxes of \$32,897 were abated through this program.

Note 16 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2023 through the date the financial statements were available to be issued, for recognition and/or disclosure in the financial statements.

On July 27, 2023, the District issued the General Obligation Bond, Series 2023, in the amount of \$4,465,000. The purpose of the bond is to finance safety improvements, school facilities preservation, renovations, construction and bond issuance costs. The interest rate on the bond series is 3.76% and matures June 15, 2031.



| **Required Supplementary Information**

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICTS 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

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

	2023	2022	2021	2020	2019
District proportion of the net pension asset/(liability)	0.05632893%	0.05128538%	0.05228326%	0.05340311%	0.05053152%
District's proportion of the net pension asset/(liability)	\$ (8,625,089)	\$ (6,137,055)	\$ (11,410,006)	\$ (9,237,459)	\$ (7,654,860)
District's covered-employee payroll	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590	\$ 4,237,304
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	127.38%	109.79%	223.54%	206.40%	180.65%
Plan fiduciary net position as a percentage of the total pension liability	84.50%	87.57%	75.79%	80.20%	82.07%
	2018	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.0505495%	0.0556241%	0.0664374%	0.0755239%	0.0755239%
District's proportion of the net pension asset/(liability)	\$ (6,814,088)	\$ (8,350,472)	\$ (3,814,478)	\$ 1,711,910	\$ (3,854,093)
District's covered-employee payroll	\$ 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	171.39%	237.18%	114.96%	-52.44%	109.99%
Plan fiduciary net position as a percentage of the total pension liability	83.12%	80.53%	0.9188	103.59%	91.97%

Jackson County School District No. 35 Contributions

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 1,616,859	\$ 1,538,619	\$ 1,497,833	\$ 1,382,532	\$ 1,016,835
Contribution in relation to the contractually required	(1,616,859)	(1,538,619)	(1,497,833)	(1,382,532)	(1,016,835)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,797,813	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224	\$ 4,475,590
Contributions as a percentage of covered-employee payroll	23.78%	22.72%	26.80%	27.09%	22.72%
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 945,200	\$ 781,832	\$ 656,387	\$ 711,811	\$ 598,676
Contribution in relation to the contractually required	(945,200)	(781,832)	(656,387)	(711,811)	(598,676)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,237,304	\$ 3,975,788	\$ 3,520,668	\$ 3,318,212	\$ 3,264,244
Contributions as a percentage of covered-employee payroll	22.31%	19.66%	18.64%	21.45%	18.34%

Notes to Schedule -

A summary of key changes implemented since the December 31, 2019 valuation are described in *Note 10* in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system can be found at:

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

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

Total Pension Liability (Stipend):	2023	2022	2021	2020
Service cost	\$ 575	\$ 549	\$ 403	\$ 1,704
Interest on total pension liability	1,241	1,837	3,901	5,708
Effect of economic/demographic gains or losses	-	1,365	-	(6,979)
Effect of assumptions changes or inputs	(1,598)	111	2,514	1,182
Benefit payments	<u>(23,843)</u>	<u>(35,178)</u>	<u>(35,304)</u>	<u>(37,316)</u>
Net change in total pension liability (Stipend)	(23,625)	(31,316)	(28,486)	(35,701)
Total pension liability (stipend) - beginning	<u>68,758</u>	<u>100,074</u>	<u>128,560</u>	<u>164,261</u>
Total pension liability (stipend) - ending	<u>\$ 45,133</u>	<u>\$ 68,758</u>	<u>\$ 100,074</u>	<u>\$ 128,560</u>
Estimated covered - employee payroll	\$ 7,002,280	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	0.64%	1.02%	1.79%	2.52%
	2019	2018	2017	
Service cost	\$ 1,722	\$ 2,905	\$ 2,381	
Interest on total pension liability	6,338	5,800	8,635	
Effect of economic/demographic gains or losses	-	5,065	-	
Effect of assumptions changes or inputs	(1,388)	(4,381)	7,021	
Benefit payments	<u>(35,148)</u>	<u>(34,243)</u>	<u>(44,300)</u>	
Net change in total pension liability (Stipend)	(28,476)	(24,854)	(26,263)	
Total pension liability (stipend) - beginning	<u>192,737</u>	<u>217,591</u>	<u>243,854</u>	
Total pension liability (stipend) - ending	<u>\$ 164,261</u>	<u>\$ 192,737</u>	<u>\$ 217,591</u>	
Estimated covered - employee payroll	\$ 4,475,590	\$ 4,237,304	\$ 3,975,788	
Total pension liability (stipend) as a percentage of estimated covered - employee payroll	3.67%	4.55%	5.47%	

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 adopted GASB 73 during fiscal 2017, as a result, only seven years of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET OPEB - RHIA
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District proportion of the net OPEB asset/(liability)	0.03973399%	0.04354860%	0.04808991%
District's proportion of the net OPEB asset/(liability)	\$ 141,189	\$ 149,546	\$ 97,988
District's covered-employee payroll	\$ 6,771,017	\$ 5,589,807	\$ 5,104,224
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	2.09%	2.68%	1.92%
Plan fiduciary net position as a percentage of the total OPEB liability	194.60%	183.90%	150.10%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 801	\$ 979	\$ 1,165
Contribution in relation to the contractually required	(801)	(979)	(1,165)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 6,797,813	\$ 6,771,017	\$ 5,589,807
Contributions as a percentage of covered-employee payroll	0.01%	0.01%	0.02%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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 -

A summary of key changes implemented since the December 31, 2019 valuation are described in *Note 11* in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system can be found at:
<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

Other Information:

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

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

Total OPEB Liability:	2023	2022	2021
Service cost	\$ 73,031	\$ 63,147	\$ 54,716
Interest	15,555	17,629	28,957
Differences between expected and actual experience	-	-	-
Effect of economic/demographic gains or losses	-	(31,027)	-
Changes of assumptions of other inputs	(42,693)	17,697	28,149
Benefit payments	(152,466)	(157,316)	(142,075)
Net change in total OPEB liability	(106,573)	(89,870)	(30,253)
Total OPEB liability - beginning	722,922	812,792	843,045
Total OPEB liability - ending	<u>\$ 616,349</u>	<u>\$ 722,922</u>	<u>\$ 812,792</u>
Estimated covered - employee payroll	\$ 7,002,280	\$ 6,771,017	\$ 5,589,807
Total OPEB liability as a percentage of estimated covered - employee payroll	8.80%	10.68%	14.54%
Total OPEB Liability:	2020	2019	2018
Service cost	\$ 46,025	\$ 45,412	\$ 47,583
Interest	38,434	38,936	34,229
Differences between expected and actual experience	(119,217)	-	-
Effect of economic/demographic gains or losses	-	-	-
Changes of assumptions of other inputs	20,318	(11,892)	(32,667)
Benefit payments	(177,565)	(157,780)	(163,258)
Net change in total OPEB liability	(192,005)	(85,324)	(114,113)
Total OPEB liability - beginning	1,035,050	1,120,374	1,234,487
Total OPEB liability - ending	<u>\$ 843,045</u>	<u>\$ 1,035,050</u>	<u>\$ 1,120,374</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 11* 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 six 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, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources				
Property taxes	\$ 3,819,790	\$ 3,819,790	\$ 3,921,200	\$ 101,410
Charges for services	2,000	2,000	4,255	2,255
Donations	1,000	1,000	-	(1,000)
Interest on investments	26,000	26,000	138,700	112,700
Miscellaneous	30,000	30,000	39,730	9,730
Intermediate sources				
Intergovernmental	115,000	115,000	37,565	(77,435)
State sources				
Basic school support	9,520,891	9,520,891	9,211,839	(309,052)
Intergovernmental	164,166	164,166	170,256	6,090
Federal sources				
Intergovernmental	10,000	10,000	9,998	(2)
TOTAL REVENUES	<u>13,688,847</u>	<u>13,688,847</u>	<u>13,533,543</u>	<u>(155,304)</u>
EXPENDITURES				
Current				
Instruction	8,629,294	8,629,294	7,599,976	1,029,318
Support services	5,477,101	5,477,101	5,311,157	165,944
Facilities acquisition and construction	65,000	65,000	-	65,000
Contingency	1,117,452	1,117,452	-	1,117,452
TOTAL EXPENDITURES	<u>15,288,847</u>	<u>15,288,847</u>	<u>12,911,133</u>	<u>2,377,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>622,410</u>	<u>2,222,410</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(500,000)	(500,000)	(500,000)	-
TOTAL OTHER FINANCING SOURCES	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,100,000)	(2,100,000)	122,410	2,222,410
FUND BALANCE, JULY 1, 2022	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,132,823</u>	<u>32,823</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,255,233</u>	<u>\$ 2,255,233</u>

**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, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources				
Construction excise taxes	\$ 45,000	\$ 45,000	\$ 36,957	\$ (8,043)
Charges for services	171,500	171,500	143,074	(28,426)
Donations	103,000	103,000	94,538	(8,462)
Interest on investments	3,000	3,000	3,937	937
Miscellaneous	83,199	83,199	37,394	(45,805)
State sources				
Basic school support	4,000	4,000	3,263	(737)
Intergovernmental	1,575,500	1,575,500	1,419,502	(155,998)
Federal sources				
Intergovernmental	3,184,661	3,184,661	2,539,768	(644,893)
TOTAL REVENUES	<u>5,169,860</u>	<u>5,169,860</u>	<u>4,278,433</u>	<u>(891,427)</u>
EXPENDITURES				
Current				
Instruction	4,535,985	4,535,985	3,071,672	1,464,313
Support services	1,420,233	1,420,233	1,196,745	223,488
Enterprise and community services	597,387	597,387	554,113	43,274
Facilities acquisition and construction	92,000	92,000	55,890	36,110
Contingency	532,455	532,455	-	532,455
TOTAL EXPENDITURES	<u>7,178,060</u>	<u>7,178,060</u>	<u>4,878,420</u>	<u>2,299,640</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,008,200)</u>	<u>(2,008,200)</u>	<u>(599,987)</u>	<u>1,408,213</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,508,200)	(1,508,200)	(99,987)	1,408,213
FUND BALANCE, JULY 1, 2022	<u>1,508,200</u>	<u>1,508,200</u>	<u>1,648,186</u>	<u>139,986</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,548,199</u>	<u>\$ 1,548,199</u>



| **Other 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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources				
Property taxes	\$ 625,000	\$ 625,000	\$ 605,514	\$ (19,486)
Interest on investments	-	-	14,685	14,685
TOTAL REVENUES	<u>625,000</u>	<u>625,000</u>	<u>620,199</u>	<u>(4,801)</u>
EXPENDITURES				
Debt service	658,000	658,000	639,384	18,616
TOTAL EXPENDITURES	<u>658,000</u>	<u>658,000</u>	<u>639,384</u>	<u>18,616</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(33,000)</u>	<u>(33,000)</u>	<u>(19,185)</u>	<u>13,815</u>
FUND BALANCE, JULY 1, 2022	<u>33,000</u>	<u>33,000</u>	<u>29,017</u>	<u>(3,983)</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,832</u>	<u>\$ 9,832</u>

**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, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources				
Interest on investments	\$ 1,500	\$ 1,500	\$ 5,762	\$ 4,262
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>5,762</u>	<u>4,262</u>
EXPENDITURES				
Facilities acquisition and construction	181,500	181,500	21,780	159,720
TOTAL EXPENDITURES	<u>181,500</u>	<u>181,500</u>	<u>21,780</u>	<u>159,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(180,000)</u>	<u>(180,000)</u>	<u>(16,018)</u>	<u>163,982</u>
FUND BALANCE, JULY 1, 2022	<u>180,000</u>	<u>180,000</u>	<u>180,657</u>	<u>657</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,639</u>	<u>\$ 164,639</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, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources				
Interest on investments	\$ 1,000	\$ 1,000	\$ -	\$ -
Charges for services (interfund)	52,623	52,623	52,276	(347)
TOTAL REVENUES	53,623	53,623	52,276	(347)
EXPENDITURES				
Current				
Support services	178,623	178,623	-	178,623
TOTAL EXPENDITURES	178,623	178,623	-	178,623
Excess (Deficiency) of Revenues Over Expenditures	(125,000)	(125,000)	52,276	178,276
FUND BALANCE, JULY 1, 2022	125,000	125,000	134,276	9,276
FUND BALANCE, JUNE 30, 2023	\$ -	\$ -	\$ 186,552	\$ 186,552



**| SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES**

JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 DISTRICT AUDIT REVENUE SUMMARY

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1111 Current Years Taxes	3,867,400	-	596,868	-	-	-	-
1112 Prior Years Taxes	53,800	-	8,646	-	-	-	-
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	36,957	-	-	-	-	-
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	-	93	-	5,762	-	-	-
1510 Interest	138,700	3,844	14,685	-	-	-	-
1600 Food Service	-	-	-	-	-	-	-
1610 Food Service Reimbursable Sales	-	33,962	-	-	-	-	-
1620 Adult Sales	-	1,152	-	-	-	-	-
1700 Extracurricular Activities	-	-	-	-	-	-	-
1760 Fund Raising	1,855	107,960	-	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-	-
1910 Rentals	2,400	-	-	-	-	-	-
1920 Contributions and Donations From Private Sources	-	94,538	-	-	-	-	-
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	10,136	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	-	-	-	52,276	-
1980 Fees Charged to Grants	-	-	-	-	-	-	-
1990 Miscellaneous	29,594	37,394	-	-	-	-	-
Total Revenue from Local Sources	4,103,885	315,900	620,199	5,762	-	52,276	-

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	-	-	-	-	-	-	-
2102 General ESD Revenue	34,706	-	-	-	-	-	-
2103 Excess ESD Local Revenue	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-
2110 Intermediate "I" Tax	2,859	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-
2200 Restricted Revenue	-	-	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	37,565	-	-	-	-	-	-

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	9,211,839	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	3,263	-	-	-	-	-
3103 Common School Fund	108,735	-	-	-	-	-	-
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	61,521	1,419,502	-	-	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-
Total Revenue from State Sources	9,382,095	1,422,765	-	-	-	-	-

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government	-	-	-	-	-	-	-
4200 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	-	2,509,804	-	-	-	-	-
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	-	-	-	-	-	-	-
4801 Federal Forest Fees	9,998	-	-	-	-	-	-
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	-	-	-	-	-	-	-
4910 Commodities/USDA Donations	-	29,964	-	-	-	-	-
Total Revenue from Federal Sources	9,998	2,539,768	-	-	-	-	-

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-
5200 Interfund Transfers	-	500,000	-	-	-	-	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	2,132,823	1,648,186	29,017	180,657	-	134,276	-
Total Revenue from Other Sources	2,132,823	2,148,186	29,017	180,657	-	134,276	-

Grand Totals

\$ 15,666,366	\$ 6,426,619	\$ 649,216	\$ 186,419	\$ -	\$ 186,552	\$ -
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**JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	2,084,877	1,260,714	718,329	48,789	57,045	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	607,073	348,927	234,817	11,913	9,699	-	1,717	-
1122 Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	1,253,185	731,687	424,193	40,229	55,877	-	1,199	-
1132 High School Extracurricular	142,637	44,453	17,464	13,316	27,447	-	39,957	-
1139 SSF Correction	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	26,232	15,987	6,222	1,833	-	-	2,190	-
1226 Home Instruction	-	-	-	-	-	-	-	-
1227 Extended School Year Programs	-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	874,706	522,340	330,056	13,827	8,483	-	-	-
1260 Treatment and Habilitation	18,649	-	-	18,649	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	776,209	468,465	244,792	22,336	36,802	-	3,814	-
1284 Alternative Education Home Tutor Programs	-	-	-	-	-	-	-	-
1288 Charter School Programs	1,786,338	-	-	1,786,262	76	-	-	-
1291 English Second Language Programs	12,538	7,096	3,658	555	1,229	-	-	-
1292 Teen Parent Program	12,440	8,188	4,252	-	-	-	-	-
1420 Summer Programs	498	-	-	-	498	-	-	-
1430 Summer Programs	4,594	-	-	-	4,594	-	-	-
Total Instruction	7,599,976	3,407,857	1,983,783	1,957,709	201,750	-	48,877	-
Support Services Expenditures								
2110 Attendance and Social Work Services	67	-	-	20	47	-	-	-
2120 Guidance Services	153,204	95,141	57,813	250	-	-	-	-
2130 Health Services	1,914	-	-	-	1,914	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2152 Speech Pathology Services	49,121	35,385	13,705	31	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	248,943	147,223	91,967	5,702	3,406	-	645	-
2210 Improvement of Instruction Services	5,310	3,739	1,571	-	-	-	-	-
2213 Curriculum Development	2,620	660	403	1,557	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2222 School Library Service	114,654	67,054	42,462	2,116	3,022	-	-	-
2230 Assessment & Testing	3,298	2,018	1,280	-	-	-	-	-
2240 Instructional Staff Development	2,168	-	-	2,095	73	-	-	-
2310 Board of Education Services	246,470	-	-	88,157	38,258	-	120,055	-
2312 Board Secretary Services	50,430	28,006	22,424	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2321 Board Secretary Services	443,906	241,359	158,603	23,139	14,315	-	6,490	-
2410 Office of the Principal Services	1,020,574	595,352	364,254	19,799	27,557	5,174	8,438	-
2490 Other Support Services - School Administration	8,025	-	-	8,025	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	376,646	219,791	131,370	1,616	15,495	-	8,374	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2542 Care & Upkeep-Bldg	1,156,568	389,235	259,976	419,715	74,977	11,521	1,144	-
2543 Care & Upkeep-Grounds	56,833	-	-	54,012	2,821	-	-	-
2545 Vehicle Purch., Service, Maintenance	10,504	-	-	5,732	4,772	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2552 Vehicle Operation	763,900	-	-	760,896	3,004	-	-	-
2558 Special Education Transportation Serv	238,903	-	-	238,903	-	-	-	-
2570 Internal Services	20,061	-	-	20,061	-	-	-	-
2574 Printing, Publishing and Duplicating	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	5,000	-	-	5,000	-	-	-	-
2660 Technology Services	215,419	99,913	64,937	18,930	31,639	-	-	-
2665 Communication Services	47,057	-	-	47,057	-	-	-	-
2669 Other Communication Services	1,744	-	-	1,744	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	67,818	17,280	50,538	-	-	-	-	-
Total Support Services	5,311,157	1,942,156	1,261,303	1,724,557	221,300	16,695	145,146	-
Enterprise and Community Services Expenditures								
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	500,000	-	-	-	-	-	-	500,000
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Requirements	500,000	-	-	-	-	-	-	500,000
Grand Total	\$ 13,411,133	\$ 5,350,013	\$ 3,245,086	\$ 3,682,266	\$ 423,050	\$ 16,695	\$ 194,023	\$ 500,000

JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY

Fund: 200 Special Revenue Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	589,994	229,048	173,542	47,857	139,547	-	-	-
1113 Elementary Extracurricular	10,228	-	-	-	10,228	-	-	-
1121 Middle/Junior High Programs	91,963	51,075	28,726	2,270	9,892	-	-	-
1122 Middle/Junior High School Extracurricular	12,374	8,636	2,227	-	-	-	1,511	-
1131 High School Programs	425,437	125,949	99,741	61,847	126,873	9,410	1,617	-
1132 High School Extracurricular	368,646	166,233	71,144	44,674	76,977	-	9,618	-
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	323,141	190,383	104,320	12,711	15,727	-	-	-
1260 Treatment and Habilitation	3,551	-	-	3,551	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	402,026	236,291	164,255	113	1,367	-	-	-
1280 Alternative Education	252,475	130,529	73,328	378	32,741	15,499	-	-
1288 Charter Schools	405,000	-	-	405,000	-	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1291 ESL Programs	1	-	-	-	1	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
1410 K8 Summer	59,349	23,590	9,049	26,710	-	-	-	-
1420 9-12 Summer	22,477	10,909	4,227	5,225	2,116	-	-	-
1430 Summer School Programs	105,010	49,609	19,135	28,020	8,244	-	-	-
Total Instruction	3,071,672	1,222,252	749,694	638,356	423,713	24,909	12,746	-
Support Services Expenditures								
2110 Attendance and Social Work Services	121,275	61,322	59,953	-	-	-	-	-
2120 Guidance Services	122,664	45,795	36,044	40,825	-	-	-	-
2121 Guidance Direction	-	-	-	-	-	-	-	-
2122 Counseling Services	-	-	-	-	-	-	-	-
2130 Health Services	131,762	-	-	131,762	-	-	-	-
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	70,372	18,750	6,285	42,917	2,420	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	93,819	56,097	36,446	383	893	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2542 Care & Upkeep Bldg	298,276	81,243	62,805	99,981	48,947	5,300	-	-
2543 Care & Upkeep Grounds	29,422	-	-	29,422	-	-	-	-
2549 Oth Oper & Maint Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	19,818	13,060	6,758	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	121,876	88,163	33,713	-	-	-	-	-
2660 Technology Services	187,461	45,520	39,423	-	102,518	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	1,196,745	409,950	281,427	345,290	154,778	5,300	-	-
Enterprise and Community Services Expenditures								
3100 Food Services	529,566	18,054	9,949	377,917	80,791	42,855	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	24,547	2,004	1,961	8,086	12,496	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services	554,113	20,058	11,910	386,003	93,287	42,855	-	-
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	55,890	-	-	-	-	55,890	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	55,890	-	-	-	-	55,890	-	-
Other Uses Expenditures								
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total	\$ 4,878,420	\$ 1,652,260	\$ 1,043,031	\$ 1,369,649	\$ 671,778	\$ 128,954	\$ 12,746	\$ -

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 300 Debt Service Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6		-	-	-	-	-	-	-	-
1113 Elementary Extracurricular		-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs		-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular		-	-	-	-	-	-	-	-
1131 High School Programs		-	-	-	-	-	-	-	-
1132 High School Extracurricular		-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs		-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted		-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities		-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities		-	-	-	-	-	-	-	-
1260 Treatment and Habilitation		-	-	-	-	-	-	-	-
1271 Remediation		-	-	-	-	-	-	-	-
1272 Title I		-	-	-	-	-	-	-	-
1280 Alternative Education		-	-	-	-	-	-	-	-
1291 English Second Language Programs		-	-	-	-	-	-	-	-
1292 Teen Parent Program		-	-	-	-	-	-	-	-
1293 Migrant Education		-	-	-	-	-	-	-	-
1294 Youth Corrections Education		-	-	-	-	-	-	-	-
1299 Other Programs		-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs		-	-	-	-	-	-	-	-
1400 Summer School Programs		-	-	-	-	-	-	-	-
Total Instruction		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		-	-	-	-	-	-	-	-
2120 Guidance Services		-	-	-	-	-	-	-	-
2130 Health Services		-	-	-	-	-	-	-	-
2140 Psychological Services		-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services		-	-	-	-	-	-	-	-
2160 Other Student Treatment Services		-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services		-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services		-	-	-	-	-	-	-	-
2220 Educational Media Services		-	-	-	-	-	-	-	-
2230 Assessment & Testing		-	-	-	-	-	-	-	-
2240 Instructional Staff Development		-	-	-	-	-	-	-	-
2310 Board of Education Services		-	-	-	-	-	-	-	-
2320 Executive Administration Services		-	-	-	-	-	-	-	-
2410 Office of the Principal Services		-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration		-	-	-	-	-	-	-	-
2510 Direction of Business Support Services		-	-	-	-	-	-	-	-
2520 Fiscal Services		-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services		-	-	-	-	-	-	-	-
2550 Student Transportation Services		-	-	-	-	-	-	-	-
2570 Internal Services		-	-	-	-	-	-	-	-
2610 Direction of Central Support Services		-	-	-	-	-	-	-	-
2630 Information Services		-	-	-	-	-	-	-	-
2640 Staff Services		-	-	-	-	-	-	-	-
2660 Technology Services		-	-	-	-	-	-	-	-
2670 Records Management Services		-	-	-	-	-	-	-	-
2690 Other Support Services - Central		-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program		-	-	-	-	-	-	-	-
Total Support Services		-	-	-	-	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		-	-	-	-	-	-	-	-
3200 Other Enterprise Services		-	-	-	-	-	-	-	-
3300 Community Services		-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services		-	-	-	-	-	-	-	-
Total Enterprise and Community Services		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services		-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services		-	-	-	-	-	-	-	-
4180 Other Capital Items		-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services		-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction		-	-	-	-	-	-	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		639,384	-	-	-	-	-	639,384	-
5200 Transfers of Funds		-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD		-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum		-	-	-	-	-	-	-	-
Total Other Requirements		639,384	-	-	-	-	-	639,384	-
Grand Total		\$ 639,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 639,384	\$ -

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 400 Capital Projects Fund

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6		-	-	-	-	-	-	-	-
1113 Elementary Extracurricular		-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs		-	-	-	-	-	-	-	-
1122 Middle/Junior High School Extracurricular		-	-	-	-	-	-	-	-
1131 High School Programs		-	-	-	-	-	-	-	-
1132 High School Extracurricular		-	-	-	-	-	-	-	-
1140 Pre-Kindergarten Programs		-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted		-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities		-	-	-	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities		-	-	-	-	-	-	-	-
1260 Treatment and Habilitation		-	-	-	-	-	-	-	-
1271 Remediation		-	-	-	-	-	-	-	-
1272 Title I		-	-	-	-	-	-	-	-
1280 Alternative Education		-	-	-	-	-	-	-	-
1291 English Second Language Programs		-	-	-	-	-	-	-	-
1292 Teen Parent Program		-	-	-	-	-	-	-	-
1293 Migrant Education		-	-	-	-	-	-	-	-
1294 Youth Corrections Education		-	-	-	-	-	-	-	-
1299 Other Programs		-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs		-	-	-	-	-	-	-	-
1400 Summer School Programs		-	-	-	-	-	-	-	-
Total Instruction		-	-	-	-	-	-	-	-
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		-	-	-	-	-	-	-	-
2120 Guidance Services		-	-	-	-	-	-	-	-
2130 Health Services		-	-	-	-	-	-	-	-
2140 Psychological Services		-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services		-	-	-	-	-	-	-	-
2160 Other Student Treatment Services		-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services		-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services		-	-	-	-	-	-	-	-
2220 Educational Media Services		-	-	-	-	-	-	-	-
2230 Assessment & Testing		-	-	-	-	-	-	-	-
2240 Instructional Staff Development		-	-	-	-	-	-	-	-
2310 Board of Education Services		-	-	-	-	-	-	-	-
2320 Executive Administration Services		-	-	-	-	-	-	-	-
2410 Office of the Principal Services		-	-	-	-	-	-	-	-
2490 Other Support Services - School Administration		-	-	-	-	-	-	-	-
2510 Direction of Business Support Services		-	-	-	-	-	-	-	-
2520 Fiscal Services		-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services		-	-	-	-	-	-	-	-
2550 Student Transportation Services		-	-	-	-	-	-	-	-
2570 Internal Services		-	-	-	-	-	-	-	-
2610 Direction of Central Support Services		-	-	-	-	-	-	-	-
2630 Information Services		-	-	-	-	-	-	-	-
2640 Staff Services		-	-	-	-	-	-	-	-
2660 Technology Services		-	-	-	-	-	-	-	-
2670 Records Management Services		-	-	-	-	-	-	-	-
2690 Other Support Services - Central		-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program		-	-	-	-	-	-	-	-
Total Support Services		-	-	-	-	-	-	-	-
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		-	-	-	-	-	-	-	-
3200 Other Enterprise Services		-	-	-	-	-	-	-	-
3300 Community Services		-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services		-	-	-	-	-	-	-	-
Total Enterprise and Community Services		-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services		-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services		21,780	-	-	7,782	-	13,998	-	-
4180 Other Capital Items		-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services		-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction		21,780	-	-	7,782	-	13,998	-	-
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		-	-	-	-	-	-	-	-
5200 Transfers of Funds		-	-	-	-	-	-	-	-
5300 Apportionment of Funds by ESD		-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum		-	-	-	-	-	-	-	-
Total Other Requirements		-	-	-	-	-	-	-	-
Grand Total		\$ 21,780	\$ -	\$ -	\$ 7,782	\$ -	\$ 13,998	\$ -	\$ -

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 DISTRICT AUDIT EXPENDITURE SUMMARY**

Fund: 600 Internal Service Funds

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
2022-23 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	\$277,658
Function 2550	\$2,608

B. Replacement of Equipment – General Fund:

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

Exclude these functions:

\$0

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

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



| INDEPENDENT AUDITOR'S REPORT
REQUIRED BY STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of Jackson County School District No. 35 (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 7, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

OAR 162-010-0230 Internal Control

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that were not identified.

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



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2023



**| ITEMS REQUIRED BY THE
UNIFORM GUIDANCE**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities each major fund, and the internal service fund of Jackson County School District No. 35 (the District) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jackson County School District No. 35's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Aria Bettinger".

Aria Bettinger, CPA
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2023

JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Oregon Department of Education:			
School Breakfast Program (SBP)	10.553	N/A	\$ 118,982
National School Lunch Program (NSLP)	10.555	N/A	297,243
Supply Chain Assistance	10.555	N/A	20,100
Commodities NSLP	10.555	N/A	29,964
Total Child Nutrition Cluster			<u>466,289</u>
Passed through Southern Oregon Education Service District:			
Schools and Roads - Grants to States	10.665	N/A	9,998
Total Forest Service Schools and Roads Cluster			<u>9,998</u>
Total U.S. Department of Agriculture			\$ 476,287
U.S. Department of Education			
Passed Through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (21-22)	84.010	67064	\$ 46,690
Title I Grants to Local Educational Agencies (22-23)	84.010	72605	299,053
Title I Grants to Local Educational Agencies (ESSA District Engagement)	84.010	68008	41,581
Total AL 84.010			<u>387,324</u>
Passed Through Oregon Department of Education:			
Special Education - Grants to States	84.027	75379	13,269
Special Education - Grants to States	84.027	68473	31,081
Special Education - Grants to States	84.027	68722	39,427
Special Education - Grants to States	84.027	74118	166,830
Passed through Oregon State University:			
Special Education Preschool Grants	84.173	N/A	2,403
Special Education Preschool Grants	84.173	N/A	1,148
Total Special Education Cluster (IDEA)			<u>254,158</u>
Passed through Southern Oregon Education Service District:			
Career and Technical Education - Basic Grants to States	84.048	N/A	1,326
Total AL 84.048			<u>1,326</u>
Passed through Southern Oregon Education Service District:			
English Language Acquisition State Grants	84.365	N/A	515
Total AL 84.365			<u>515</u>
Passed Through Oregon Department of Education:			
Student Support and Academic Enrichment	84.424	66854	12,685
Student Support and Academic Enrichment	84.424	72999	9,482
Total AL 84.424			<u>22,167</u>
Passed Through Oregon Department of Education:			
Supporting Effective Instruction State Grants	84.367	72802	46,811
Total AL 84.367			<u>46,811</u>
Passed Through Oregon Department of Education:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	64674	68,179
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	64978	1,283,537
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	69395	9,462
Total AL 84.425			<u>1,361,178</u>
Total U.S. Department of Education			\$ 2,073,479
Total Expenditures of Federal Awards			\$ 2,549,766

JACKSON COUNTY SCHOOL DISTRICT NO. 35
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

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, 2023. 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, 2023, the District received food commodities totaling \$29,964.

NOTE E – SUBRECIPIENTS:

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2023.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 35
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on whether the basic financial statements of Jackson County School District No. 35 (the District) were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

Federal Awards

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

U.S. Department of Education

Education Stabilization Fund

AL # 84.425

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None