

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SCHOOL OFFICIALS**

**JUNE 30, 2019**

Board Chair

Courtney Snead  
Madras, Oregon

Board Members

Laurie Danzuka  
Vice Chair  
Warm Springs, Oregon

Jamie Hurd  
Madras, Oregon

Board Members

Stan Sullivan  
Madras, Oregon

Tom Norton, Jr.  
Madras, Oregon

School Superintendent

Ken Parshall  
Madras, Oregon

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**ANNUAL FINANCIAL REPORT**

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**INDEPENDENT AUDITORS' REPORT**



Board of Directors  
School District 509J  
Jefferson County, Oregon

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the District's financial statements and, in our report dated September 17, 2018, we expressed opinions on the respective financial statements of the governmental activities and major funds.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedules – General and Special Revenue Fund 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 Budgetary Comparison Schedules – General and Special Revenue Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Supplementary Information, Other Financial Schedules and Supplemental Information Required by the Oregon Department of Education, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2019 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 10, 2019, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*Brenda Bartlett*

Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 10, 2019



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

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

As management of Jefferson County School District 509J, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the balance of information presented in this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the liabilities of the District exceeded its assets at June 30, 2019 by \$1,972,118. Of this amount, \$14,235,225 represents the District's investment in capital assets net of debt service, \$37,417 is restricted for debt service, and \$53,890 is restricted with donor requirements leaving a deficit of \$16,298,650 in unrestricted net position.
- The District's total net position increased by \$552,380 from prior year ended June 30, 2018.
- The District's governmental funds reported combined ending fund balance of \$16,470,805 of which \$5,027,230 is unassigned and available for spending at the District's discretion (page 14).
- At the end of the fiscal year, unassigned fund balance for the general fund on a budget basis was \$5,027,230 or about 14% of total general fund expenditures and transfers (page 14, 16).
- The District's total bonded debt decreased by \$1,948,451 during the 2018-19 fiscal year. The decrease was attributed to the payment of long-term debt obligations and amortization of bond premium.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**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:

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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

*The Statement of Activities.* 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 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. Examples are uncollected property taxes and earned but unused vacation leave.

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

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

The government-wide financial statements can be found on pages 12 and 13 of this report.

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

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.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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 Balance are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains 46 individual governmental funds for administrative purposes. These funds are combined into the following major funds:

- General Fund - includes various sub-funds.
- Special Revenue Fund – includes special revenue funds related to federal, state and local grants, food service and student activities.
- Debt Service Fund - includes General Obligation Bonds and Oregon School Boards Association (OSBA) State of Oregon Public Employees Retirement System (PERS) Bonds

**Notes to the basic financial statements.** These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 18 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's compliance with the Oregon Minimum Standards for Audits of Oregon Municipal Corporations. The supplementary information is included in this report.

Oregon Department of Education requires certain schedules which are listed in the table of contents.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position.** The following table reflects the condensed Statement of Net Position compared to the prior year.

	June 30,	
	2019	2018
Assets		
Current and other assets	\$ 20,824,718	\$ 17,517,481
Capital assets (net)	44,928,075	46,603,215
Total assets	65,752,793	64,120,696
Deferred Outflows	11,556,151	9,171,942
Liabilities		
Other liabilities	5,500,850	5,346,674
Long-term liabilities	70,227,968	68,043,522
Total liabilities	75,728,818	73,390,196
Deferred Inflows	3,552,244	2,426,940
Net Position		
Investment in capital assets, net of related debt	14,235,225	14,222,681
Restricted	91,307	157,344
Unrestricted	(16,298,650)	(16,904,523)
Total net position	\$ (1,972,118)	\$ (2,524,498)

Capital assets, which consist of the District's land, buildings, building improvement, vehicles, and equipment, represent 68.3% of total assets. The remaining assets consist primarily of cash, investments, receivables and other assets.

The District's largest liabilities (53.1%) are for repayment of general obligation bonds and pension bonds and PERS liability (40.0%).

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

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.

Resources needed to repay general obligation debt must be provided from property taxes since the capital assets cannot be used to liquidate the general obligation liabilities.

**Statement of Activities.** The following schedule compares the revenues and expenditures for the current and previous year.

	Governmental Activities	
	2019	2018
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 957,223	\$ 1,112,033
Operating grants and contributions	7,256,781	6,901,880
Total program revenues	8,214,004	8,013,913
General revenues		
Property taxes levied for general purposes	4,473,657	4,337,140
Property taxes levied for debt service	2,771,321	2,499,631
County School Fund	103,656	91,301
State school fund general support	27,442,259	26,666,398
Common school fund	264,331	254,311
Unrestricted federal sources	2,980,716	3,002,099
Sale of capital assets	9,030	15,533
Earnings on investments	552,916	312,167
Miscellaneous	189,196	139,399
Total general revenues	38,787,082	37,317,979
Total revenues	\$ 47,001,086	\$ 45,331,892
<b>EXPENSES</b>		
Instruction	\$ 25,413,758	\$ 24,461,972
Support services	16,718,896	15,551,265
Community services	2,666,295	2,736,722
Facilities acquisition and construction		15,283
Interest on long-term debt	1,649,757	1,732,734
Total expenses	46,448,706	44,497,976
Change in net assets	552,380	833,916
Net position - beginning	(2,524,498)	(3,358,414)
Net position - ending	\$ (1,972,118)	\$ (2,524,498)

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2019 the District's governmental funds reported combined ending fund balances of \$16,470,805. Approximately \$5,027,230 constitutes unassigned ending fund balance, which is available for spending at the District's discretion.

Summary of ending fund balances for the governmental funds for 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
General Fund	\$ 16,122,395	\$ 13,648,648	\$ 2,473,748
Special Revenue Fund	310,992	453,237	(142,244)
Debt Service Fund	<u>37,417</u>	<u>30,735</u>	<u>6,682</u>
	<u>\$ 16,470,804</u>	<u>\$ 14,132,620</u>	<u>\$ 2,338,186</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The School Board approved changes to the adopted budget for fiscal year ended June 30, 2019. The approved changes to the adopted budget are reflected in the fund financial statements. The budget is adopted by the Board at the functional level.

The final budget for General Fund expenditures exceeded actual expenditures by \$3,725,943 of which \$1,572,923 is for instruction, \$1,562,903 is for support and community services and \$340,117 is for building acquisition and construction.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. During the year the District's net investment in capital assets decreased by \$1,675,140. The decrease is attributed to depreciation expense. The summary of net investment in capital assets is as follows:

	<u>Net Value</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 2,604,701	\$ 2,604,701
Construction in progress	85,943	37,041
Buildings and improvements	40,196,755	42,006,998
Vehicles and equipment	<u>2,040,676</u>	<u>1,954,475</u>
Total capital assets	<u>\$ 44,928,075</u>	<u>\$ 46,603,215</u>

Additional information on the District's capital assets can be found in the footnotes to the basic financial statements.

**Long-term liabilities.** At the end of the fiscal year the District had \$70,227,968 in long-term liabilities, consisting of \$38,169,697 of long-term debt for the construction of a K-8 school in Warm Springs, the construction of the performing arts center and improvements to various District properties and pension obligation bonds to satisfy unfunded liability for employee retirement obligations, PERS net pension liability of \$30,256,001 compensated absences of \$88,197 and post-employment benefits of \$1,618,036.

Additional information on the District's long-term debt can be found in the footnotes to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The most significant economic factor for the District is the Oregon State School Fund. For the year ended June 30, 2019 the State School Fund provided 56.3% of the revenue for the governmental funds and 72.1% of the funding for the general fund.
- Salaries and benefits costs are expected to increase in fiscal year 2019-2020 based on contractual obligations. PERS employer contributions rates, effective July 1, 2019 will increase from 18.64% to 23.40% and from 13.46% to 17.95% for Tier I/II members and OPSRP members, respectively.
- The District's enrollment is expected to remain flat for fiscal year 2019-2020.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

- The District received the following grants in fiscal year 2019-2020:
  - A four-year grant from the Department of Education for a Native Language Program. The grant will provide \$1,299,789 in funding through 2022-2023.
  - A \$3,998,188 four-year Ishumax Kadux (It is a new day) grant from the Department of Education. The purpose of this grant is to increase school, college and career readiness and educational opportunities for American Indian students.
  - A five-year 21<sup>st</sup> Century Community Learning Centers grant for afterschool programs. The grant is estimated to provide approximately \$2,000,000 in funding.

All of these factors were considered by the District Board and Budget Committee in preparing the Jefferson County School District 509-J budget for the 2019-2020 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user 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 Chief Financial Officer at 445 S.E. Buff Street, Madras, Oregon 97741.

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

<b>ASSETS</b>		
Cash and investments	\$ 18,498,460	\$ 14,868,486
Receivables	1,727,723	2,470,494
Inventory	32,474	30,171
Prepaid expense	370,029	76,164
Capital assets, net of accumulated depreciation		
Land	2,604,701	2,604,701
Construction in progress	85,943	37,041
Buildings and improvements	40,196,755	42,006,998
Vehicles and equipment	2,040,676	1,954,475
Other postemployment benefit obligation - RHIA	196,032	72,166
	<u>65,752,793</u>	<u>64,120,696</u>
<b>TOTAL ASSETS</b>		
<b>DEFERRED OUTFLOWS</b>		
Pension related	11,429,113	9,051,205
Benefit payments made after measurement date	127,038	120,737
	<u>11,556,151</u>	<u>9,171,942</u>
<b>TOTAL DEFERRED OUTFLOWS</b>		
<b>LIABILITIES</b>		
Accounts payable	432,139	308,425
Accrued salaries and benefits	2,436,582	2,160,055
Accrued interest payable	513,192	872,958
Deposits	1,125	1,875
Noncurrent liabilities due within one year		
Early retirement benefits payable	45,356	54,911
Bonds payable	2,072,456	1,948,450
Noncurrent liabilities due within more than one year		
Early retirement benefits payable	96,039	115,582
Accrued compensated absences payable	88,197	98,775
Other postemployment benefit obligation - implicit rate subsidy	1,618,036	1,551,576
Bonds payable, net of unamortized premium/discount	38,169,695	40,242,152
Net pension liability	30,256,001	26,035,437
	<u>75,728,818</u>	<u>73,390,196</u>
<b>TOTAL LIABILITIES</b>		
<b>DEFERRED INFLOWS</b>		
Debt refunding proceeds	6,191	9,287
Pension related	3,040,631	2,177,600
Other postemployment benefit obligation - implicit rate subsidy	103,858	81,739
Other postemployment benefit obligation - RHIA	54,732	33,924
Unearned revenue	346,832	124,390
	<u>3,552,244</u>	<u>2,426,940</u>
<b>TOTAL DEFERRED INFLOWS</b>		
<b>NET POSITION</b>		
Net investment in capital assets	14,235,225	14,222,681
Restricted for:		
Debt service	37,417	30,735
Federal and state grants	53,890	126,608
Unrestricted	<u>(16,298,650)</u>	<u>(16,904,523)</u>
	<u>\$ (1,972,118)</u>	<u>\$ (2,524,498)</u>
<b>TOTAL NET POSITION</b>		

See notes to financial statements

**SCHOOL DISTRICT 509J**  
**Jefferson County, Oregon**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities	
<b>FUNCTIONS/PROGRAMS</b>	Expenses	Charges for Services	Operating Grants and Contributions	2019	2018
Governmental activities:					
Instruction					
Regular programs	\$ 17,005,960	\$ 497,509	\$ 527,461	\$ (15,980,990)	\$ (15,382,914)
Special programs	8,240,562	9,284	2,085,155	(6,146,123)	(5,827,110)
Summer school programs	167,236		161,448	(5,788)	(5,073)
Total direct classroom services	25,413,758	506,793	2,774,064	(22,132,901)	(21,215,097)
Support Services					
Student support services	2,263,845	109,018	350,538	(1,804,289)	(1,525,362)
Instructional staff support	2,467,581		1,562,220	(905,361)	(964,932)
General administration	655,206		785	(654,421)	(640,218)
School administration	2,733,989		448	(2,733,541)	(2,626,455)
Business support services	7,222,571	157,173	135,986	(6,929,412)	(6,386,041)
Central activities	1,339,691	117,430	189,797	(1,032,464)	(1,030,780)
Supplemental retirement program	36,013			(36,013)	(54,038)
Total support services	16,718,896	383,621	2,239,774	(14,095,501)	(13,227,826)
Enterprise and Community Services					
Food service	2,231,363	19,952	2,012,807	(198,604)	(131,608)
Community services	288,665		172,105	(116,560)	(107,633)
Children and family services	146,267	46,857	13,555	(85,855)	(53,882)
Total enterprise and community services	2,666,295	66,809	2,198,467	(401,019)	(293,123)
Facilities Acquisition and Construction					
Building construction planning			44,476	44,476	(15,283)
Interest on long-term debt	1,649,757			(1,649,757)	(1,732,734)
Total governmental activities	\$ 46,448,706	\$ 957,223	\$ 7,256,781	(38,234,702)	(36,484,063)
General revenues:					
Property taxes levied for general purposes				4,473,657	4,337,140
Property taxes levied for debt service				2,771,321	2,499,631
County school fund				103,656	91,301
State school fund - general support				27,442,259	26,666,398
Common school fund				264,331	254,311
Impact Aid				2,980,716	3,002,099
Gain on sale of capital assets				9,030	15,533
Earnings on investments				552,916	312,167
Miscellaneous				189,196	139,399
Total general revenues				38,787,082	37,317,979
<b>CHANGE IN NET POSITION</b>				552,380	833,916
Net Position - beginning				(2,524,498)	(3,358,414)
Net Position - ending				\$ (1,972,118)	\$ (2,524,498)

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

<u>ASSETS</u>	General	Special Revenues	Debt Service	Totals	
				2019	2018
Cash and investments	\$ 17,781,291	\$ 693,602	\$ 23,567	\$ 18,498,460	\$ 14,868,486
Receivables					
Property taxes	247,313		148,421	395,734	332,579
Other	493,301			493,301	918,826
Reimbursement claims		838,689		838,689	1,219,091
Due from other funds	190,346			190,346	710,733
Inventory		32,474		32,474	30,171
<b>Total assets</b>	<b>\$ 18,712,251</b>	<b>\$ 1,564,765</b>	<b>\$ 171,988</b>	<b>\$ 20,449,004</b>	<b>\$ 18,079,886</b>
 <u>LIABILITIES</u>					
Liabilities					
Accounts payable	\$ 285,436	\$ 146,703	\$	\$ 432,139	\$ 308,426
Accrued payroll liability	1,863,914	572,668		2,436,582	2,160,055
Deposits	1,125			1,125	1,875
Due to other funds		190,346		190,346	710,733
<b>Total liabilities</b>	<b>2,150,476</b>	<b>909,717</b>		<b>3,060,192</b>	<b>3,181,089</b>
 <u>DEFERRED INFLOWS</u>					
Unavailable property taxes	224,060		134,571	358,631	302,409
Unavailable Impact Aid revenue					274,426
Unearned revenue	215,320	344,057		559,377	189,341
<b>Total deferred inflows</b>	<b>439,380</b>	<b>344,057</b>	<b>134,571</b>	<b>918,008</b>	<b>766,176</b>
 <u>FUND BALANCES</u>					
Fund balances					
Nonspendable:					
Inventory		32,474		32,474	30,171
Restricted for:					
Debt service			37,417	37,417	30,735
Federal programs		51,261		51,261	123,979
State and local grants and donations		2,629		2,629	2,629
Committed to:					
Bus replacement	1,574,250			1,574,250	1,379,892
Classroom furniture replacement	14,712			14,712	
Equipment replacement	556,048			556,048	533,610
Employee wellness	19,685			19,685	21,515
Maintenance projects	1,647,451			1,647,451	1,260,546
Performing arts center fund					56,131
PERS bond reserve	1,008,250			1,008,250	1,010,000
Student activities		220,870		220,870	235,751
Technology replacement fund	497,362			497,362	382,030
Textbook replacement plan fund	1,405,876			1,405,876	966,733
Warm Springs housing	121,564			121,564	94,478
Warm Springs facility	426,334			426,334	426,334
Assigned for:					
Appropriated ending fund balance	3,823,633			3,823,633	3,352,273
Onsite child care		3,758		3,758	60,707
Unassigned	5,027,230			5,027,230	4,165,106
<b>Total fund balances</b>	<b>16,122,395</b>	<b>310,992</b>	<b>37,417</b>	<b>16,470,805</b>	<b>14,132,620</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 18,712,251</b>	<b>\$ 1,564,765</b>	<b>\$ 171,988</b>	<b>\$ 20,449,004</b>	<b>\$ 18,079,886</b>

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**

**JUNE 30, 2019**

<b>TOTAL FUND BALANCES (Page 13)</b>		\$ 16,470,805
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	\$ 75,787,335	
Construction in progress	85,943	
Accumulated depreciation	<u>(30,945,205)</u>	44,928,073
The unamortized portion of prepaid expense not reported under the purchase method in the governmental funds		370,029
Other postemployment benefit obligation - RHIA is not a financial resource and therefore is not reported in the governmental funds		196,032
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds:		
Property taxes		358,631
State school fund receipts		212,545
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		(30,256,001)
Deferred inflows and outflows of resources do not provide or use current financial resources and therefore are not included in the governmental funds:		
Pension contributions made after measurement date	2,821,117	
Debt refunding proceeds	(6,191)	
Differences between expected and actual experience	1,029,219	
Net difference between projected and actual earnings on investment	(1,343,537)	
Changes in actuarial assumptions and other items related to pensions	5,881,683	
Changes of assumptions or inputs - OPEB implicit subsidy	(103,858)	
Benefit payments - OPEB implicit subsidy	127,038	
Net difference between projected and actual earnings on investment - OPEB RHIA	<u>(54,732)</u>	8,350,739
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 governmental funds, but rather is recognized as an expenditure when due. These liabilities consisted of:		
Accrued interest payable	(513,192)	
Bonds payable	(37,926,350)	
Unamortized portion of bond issuance premium	(2,315,801)	
Compensated absences payable	(88,197)	
Early retirement benefits payable	(141,395)	
Other postemployment benefits obligation	<u>(1,618,036)</u>	<u>(42,602,971)</u>
<b>TOTAL NET POSITION (Page 12)</b>		<u>\$ (1,972,118)</u>

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	General	Special Revenue	Debt Service	Totals	
				2019	2018
<b>Revenues</b>					
Local Sources					
Property taxes	\$ 4,449,570	\$	\$ 2,739,185	\$ 7,188,755	\$ 6,818,718
Investment earnings	512,348		40,568	552,916	312,167
Admissions	17,353			17,353	21,136
PERS bond assessment	1,187,999			1,187,999	1,142,565
Miscellaneous	654,080	704,273		1,358,353	1,430,659
Intermediate sources					
County school fund	103,656			103,656	91,301
Grants	75,570	2,295		77,865	81,664
State sources					
State school fund	27,276,814	17,851		27,294,665	26,640,809
Common school fund	264,331			264,331	254,311
Grants		1,562,276		1,562,276	1,204,187
Federal sources	3,300,679	5,341,818		8,642,497	8,143,337
<b>Total revenues</b>	<b>37,842,400</b>	<b>7,628,513</b>	<b>2,779,753</b>	<b>48,250,666</b>	<b>46,140,855</b>
<b>Expenditures</b>					
Current					
Instruction	19,496,435	3,186,216		22,682,651	22,092,305
Support services	14,023,210	2,155,072		16,178,282	15,077,356
Enterprise and community services	112,864	2,490,916		2,603,780	2,681,222
Building acquisition and construction	36,183	44,476		80,659	83,103
Capital outlay	456,040	2,000		458,040	458,078
Debt service					
Principal			1,697,345	1,697,345	1,585,195
Interest			2,263,723	2,263,723	2,263,926
<b>Total expenditures</b>	<b>34,124,732</b>	<b>7,878,680</b>	<b>3,961,068</b>	<b>45,964,480</b>	<b>44,241,185</b>
Excess (deficiency) of revenues over (under) expenditures	3,717,668	(250,167)	(1,181,315)	2,286,186	1,899,670
<b>Other financing sources (uses)</b>					
Operating transfers in		99,894	1,187,997	1,287,891	1,309,243
Operating transfers out	(1,287,891)			(1,287,891)	(1,309,243)
Proceeds from sale of assets	43,971	8,029		52,000	22,859
<b>Total other financing sources and (uses)</b>	<b>(1,243,920)</b>	<b>107,923</b>	<b>1,187,997</b>	<b>52,000</b>	<b>22,859</b>
Net change in fund balances	2,473,748	(142,244)	6,682	2,338,186	1,922,529
Fund balances - beginning of year	13,648,648	453,236	30,735	14,132,619	12,210,090
Fund balances - end of year	\$ 16,122,395	\$ 310,992	\$ 37,417	\$ 16,470,805	\$ 14,132,620

See notes to financial statements

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2019**

<b>NET CHANGE IN FUND BALANCES (Page 16)</b>		\$ 2,338,186
<p>Amounts reported for governmental activities in the <i>Statement of Activities</i> are different because:</p>		
<p>Governmental funds report revenue when available and measurable. In the Statement of Activities it is not required that revenues be collected in time to settle current liabilities. Following are revenues recorded differently in government funds than are reported in the Statement of Activities:</p>		
Adjustment to state school fund		147,593
Adjustment to impact aid funds		(274,428)
<p>Governmental funds report prepayment of expenses under the purchase method</p>		
		293,865
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.</p>		
Expenditures for capital assets and construction in progress	538,699	
Disposal of capital assets, net of accumulated depreciation	(54,970)	
Less current year depreciation	<u>(2,158,869)</u>	(1,675,140)
<p>Long-term debt proceeds are reported as other financing sources in governmental funds In the Statement of Net Activities, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the the liability Statement of Net Position. This is the amount by which repayments exceeded proceeds:</p>		
Debt principal repaid		<u>1,697,345</u>
<p>Early retirement benefits, compensated absences and other postemployment benefits are recognized as expenditures in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when incurred.</p>		
Early retirement benefits	29,098	
Accrued compensated absences	10,578	
Other postemployment benefits	20,780	
Net pension expense	<u>(2,705,687)</u>	(2,645,231)
<p>Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:</p>		
Amortization of premium/(discount)	251,105	
Amortization of debt refunding	<u>3,095</u>	254,200
<p>In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.</p>		
		359,766
<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>		
		<u>56,224</u>
<b>CHANGE IN NET POSITION (Page 13)</b>		<u><u>\$ 552,380</u></u>

See notes to financial statements



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Jefferson County School District No. 509J (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The District's significant accounting policies are described below.

**Reporting Entity**

Jefferson County School District No. 509J, a political subdivision of the State of Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 in 1962, and provides education services to children from grades K - 12 located in Madras and surrounding areas including Metolius, the Warm Springs Indian Reservation and Big Muddy Ranch. The District has two high schools, one middle school, two K-8 schools and three elementary schools with an approximate total enrollment of 3,000 students. The District is governed by a separately elected five-member Board of Directors who approve 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 financial statements.

The accompanying financial statements present the governmental unit, Jefferson County School District No. 509J, Jefferson County, Oregon. The District qualifies as a primary government because it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and 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 financial statements.

**Government-wide and Fund 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. Governmental activities are financed primarily through property taxes and intergovernmental revenues. The District has neither business-type activities nor fiduciary-type activities.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The Statement of Activities presents a comparison between direct expenses and the 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, rental, 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.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions. The government-wide statement of net position reports \$91,307 of restricted net position, of which \$37,417 is restricted by enabling legislation.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 a liability is incurred, regardless of the timing of related cash flows. 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, there are both restricted and unrestricted funds 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 the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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 generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures only to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt or capital leases are reported as other financing sources.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. The fund accounts for all financial resources of the District, except those required to be accounted for in another fund. Principal revenue sources are property taxes and state school support.

The Special Revenue Fund accounts for revenues derived from federal, state and local grants and student activity funds which are restricted, committed or assigned for various grants, student activities and programs.

The Debt Service Fund provides for the payment of principal and interest on general obligation bonds and limited tax pension obligation bonds. Principal resources are property taxes and transfers from the General Fund.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and monies invested with the Office of the State Treasurer (OST). Short-term investments are stated at cost which approximates fair value.

State statutes authorize the District to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, commercial paper and the Oregon Short Term Fund (OSTF), among others.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

The District's investments include the OSTF, including pooled cash balances held with the County Treasurer. Investments are stated at cost which approximates fair value of the pool shares.

The Oregon State Treasury administers the OSTF. The pool 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 OSTF 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 OSTF.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal and state grants. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures and those not received within the availability period for modified accrual are recorded as deferred inflows.

**Property Taxes**

Property taxes are assessed on a July 1 - June 30 fiscal year. The taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. 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. The County Assessor is the tax collection agent for all taxing entities within the County.

Tax revenue is considered received when in the hands of the county as the intermediary collecting agency. Taxes not paid timely are subject to interest penalties and the applicable property is subject to lien, thus no allowance for uncollectible property taxes is considered necessary. All property taxes receivable are due from property owners within the District.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Inventories**

Inventory is stated at cost using the first-in/first-out (FIFO) method except USDA commodities which are stated at fair market value. The cost of inventory is recorded as an expenditure when consumed rather than when purchased.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. For governmental fund statement purposes, the District uses the purchase method accounting, where the expenditure is recorded when expended, rather than when the services are provided.

**Capital Assets**

Capital assets, which include property, buildings and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost greater than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital leases are recorded at their inception as expenditures and other financing sources in the governmental funds and as assets and liabilities on the Statement of Net Position. They are recorded at the present value of the minimum lease payments, using the interest rates stated or implicit in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates stated or implicit in the leases, is reported as a reduction of the lease liability on the Statement of Net Position.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, buildings and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Equipment	5 to 30 years

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Compensated Absences**

It is the government'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 sick pay does not vest. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Retirement Plans**

Substantially all of the District's employees are participants in Oregon PERS. For governmental funds, contributions to Oregon PERS are made on a current basis as required by the plan and are charged to expenses/expenditures. Government-wide statements report the District's estimated proportionate share of the overall unfunded system liability, which is more fully described in Note 12.

The Board adopted a tax-deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code. The plan allows the employer to make employer matching contributions. Under the terms of union employment agreements, the District is required to make a maximum monthly matching contribution not to exceed \$10 per month for all participating employees except certified employees eligible for the early retirement benefit described below. Participating employees have the option to make an unmatched contribution in excess of \$10 per month. Total pension expense recognized for the Section 403(b) plan was \$81,732.

**Early Retirement Benefits**

An early retirement plan is available to employees who meet guidelines of a plan adopted by the Board. Employees are eligible to apply for participation in the plan if they are 55 years of age or over and have been employed ten consecutive years with this District. In the case of certified employees, a total of 15 years of employment in a certified position in the Oregon public education system is required of which ten consecutive years are with the District.

Employees who apply and are approved by the Board receive, after they retire, 18% of the average of the highest three of the last five years annual earnings with the benefit not to exceed the computed amount times four years. Employees do not contribute to this plan. The Board may close the program at their discretion, eliminating additional participation and limiting the District's liability to those already participating in the program. Employees accrue no vested benefits prior to their acceptance in the program.

The program is limited to those employees who were hired prior to December 31, 1994.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The District's liability is funded on a pay-as-you-go basis. These benefits are in addition to benefits which may become available under the pension plan administered under the State of Oregon Public Employees Retirement System.

In the government-wide statements, a liability for the estimated present value of the future outflows has been reported.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred and not deferred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Fund Equity**

The District reports fund balance in accordance with GASB No 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result in the fund financial statements, governmental funds are categorized by the nature of the resources within the fund. The District reports fund balance using the following categories:

Nonspendable fund balance indicates the portion of fund equity that cannot be spent as it is not in a spendable form, such as inventories and prepaid expenditures.

Restricted fund balance indicates the portion of fund equity which is externally restricted by creditors, grantors or law.

Committed fund balance indicates the portion of fund equity which the board of directors has placed formal constraints on through resolution or board policy.

Assigned fund balance indicates the portion of fund equity which the District intends to use for specific purposes imposed by management. The authority for the Superintendent to assign resources for specific purposes is granted by the board of directors.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Unassigned fund balance indicates the portion of general fund equity which is available for budgeting in future periods.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. For the classification of unrestricted ending fund balance, the District first reduces committed and assigned amounts, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those classifications could be used.

**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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Budget**

Annual budgets, as required by state statutes, are adopted on the modified accrual method of accounting, a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The budget is prepared by fund and function. The budget document includes information on the past two years, current year budget and actual to date information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body of the district. Once the budget document is received by the governing body, they hold a public hearing on a date as published. After the public hearing, the governing body gives consideration to matters discussed and makes amendments to the budget document prior to adoption. However, state statutes do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. Except for the allowance of appropriation transfers, expenditures cannot exceed appropriations. The level of control for appropriations is exercised at the function level.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the District's fiscal year.

**NOTE 2 – BUDGETARY ACCOUNT GROUPINGS**

The District has budgeted for administrative purposes, sub-fund account groupings within the General Fund. Intra-fund transfers among the sub-fund account groupings have been eliminated to properly present financial statement balances for the funds. The sub-funds have been employed to allow the administration flexibility in managing fiscal matters while complying with statutory requirements. The sub-fund account groupings used for administrative purposes are as follows:

**General Fund**

General Operations	Performing Arts Center
Bus Purchase	PERS Reserve
Classroom Furniture Replacement	Technology Replacement
Employee Wellness	Textbook Replacement
Equipment Replacement	Warm Springs Housing
Maintenance Projects	Warm Springs Facility

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS**

A reconciliation of cash and investments as shown on the financial statements for the District follows:

Petty Cash	\$ 700
Deposits with financial institutions	2,291,916
Investments	
Oregon Short Term Fund	15,424,146
Jefferson County Investment Pool	780,606
Wasco County Investment Pool	1,092
Total shown on Statement of Net Position	<u>\$ 18,498,460</u>

**Deposits**

At June 30, 2019 the District held cash of \$2,291,916 with a bank balance of \$2,740,363. Oregon Revised Statute Chapter 295 requires that bank depositories pledge collateral against any public fund deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. The Office of the State Treasurer maintains a list of financial institutions in which deposits in excess of deposit insurance limits can be held. As of June 30, 2019 the District's cash balances exceeded FDIC insurance by \$2,490,363.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool.

Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public fund collateral pledged at June 30, 2019, was \$2,339,141,395 for reported uninsured public funds of \$1,489,403,521. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS - continued**

**Investments**

As of June 30, 2019 the District held the following investments:

Investment Type	Fair Value	% of investment portfolio
Oregon Short Term Fund	\$ 15,424,146	95.18%
Jefferson and Wasco Counties Investment Pool	780,606	4.82%
	\$ 16,204,752	100.00%

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investments as follows:

Investment Type	Maximum % of portfolio	Maximum length to maturity
US Treasury securities	100%	18 months
US Agency securities	100%	18 months
Banker's acceptance	25%	18 months
Repurchase agreements	25%	18 months
Certificates of deposit	25%	18 months
Oregon Short Term Fund	100%	One day
State and local government securities	50%	18 months

Maturities over 18 months will be allowed following review and approval of the District's Investment Policy by the Oregon Short Term Funds Board.

Custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the investments above are held in safekeeping by a financial institution counterparty.

The District's policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "A" or better by Standard and Poor's or Moody's Investors Service, issuers not in Oregon must be rated AA/Aa or better. Investments in the Oregon Short Term Fund and the Jefferson and Wasco County Investment Pools are not required to be rated.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS – continued**

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 Oregon Short Term Fund.

**Investment in the Oregon Short Term Fund (OSTF)**

The OSTF is one of five asset classes approved for the investment of State of Oregon funds. Local governments in Oregon as well as all State agencies participate in the OSTF, which is an external investment pool as defined in Statement No. 31 of the Government Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The OSTF is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes and the Oregon Investment Council. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution.

Investments in the OSTF are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The OSTF was in compliance with all portfolio guidelines at June 30, 2019. The reported value of the OSTF approximates the fair value of the OSTF shares and is calculated on a daily basis.

**Investment in Jefferson County Treasurer Investment Pool (JCIP)**

The District voluntarily participates in an external investment pool through the Jefferson County Treasurer. Participants' equity in the JCIP is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Amortized discounts and premiums, accrued interest and realized gains and losses, net of expenses, are distributed on a monthly basis to participant account balances based on the average monthly cash balance in relation to total monthly average pool investments.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 3 - CASH AND INVESTMENTS – continued**

The JCIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The County’s investment policies follow investment guidance of Oregon Revised Statutes and more specifically provides that the JCIP are limited to:

- US Government agency securities and instruments
- Municipal bonds
- Corporate bonds
- Oregon Short Term Fund
- Bankers acceptances
- Certificates of deposits / bank deposits

The Jefferson County annual financial report, which includes information for the JCIP, may be found at [www.jeffco.net](http://www.jeffco.net).

**NOTE 4 –TAX COLLECTIONS**

The levy for general operations is based on a permanent rate of \$4.5871 per \$1,000 of taxable assessed value. The levy for debt service is based on voter approved measures and assessed values of property within the district.

The levy, as extended on the tax rolls, is summarized as follows:

	General Fund		
	Jefferson	Wasco	Total
Levy per notice of levy	\$ 4,589,332	\$ 114,111	\$4,703,443
Truncation gain (loss)/roll corrections	9,033		9,033
Compression loss	(120,350)	(3,704)	(124,054)
Levy as extended on tax rolls	\$ 4,478,015	\$ 110,407	\$4,588,422
	Debt Service Fund		
	Jefferson	Wasco	Total
Levy as extended on tax rolls	\$ 2,763,642	\$ 65,769	\$2,829,411

Unpaid property taxes become subject to foreclosure four years after they become a lien on the property. Tax collections and foreclosure are the responsibility of the county tax collector/assessor.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 5 - RECEIVABLES**

The reimbursement claims receivable in the special revenue fund represent balances due from state and federal governments for special program grants.

Receivables in the Statement of Net Position are comprised of the following as of June 30, 2019:

Property taxes	\$ 395,734
Grants	1,050,918
Other	<u>281,071</u>
	<u><u>\$1,727,723</u></u>

**NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES**

The District uses common cash and cash investment accounts for the various funds. These pooled depository accounts may be over-drafted among the funds resulting in interfund receivables or payables. The General Fund reports the net receivables from other funds.

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 190,346	\$
Special Revenue Fund		190,346
	<u><u>\$ 190,346</u></u>	<u><u>\$ 190,346</u></u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated				
Land	\$ 2,604,701	\$	\$	\$ 2,604,701
Construction in progress	37,041	69,440	20,538	85,943
Total capital assets not being depreciated	<u>2,641,742</u>	<u>69,440</u>	<u>20,538</u>	<u>2,690,644</u>
Capital assets being depreciated				
Building and improvements	66,323,437	56,044	43,403	66,336,078
Vehicles and equipment	6,424,804	421,754		6,846,558
Total capital assets being depreciated	<u>72,748,241</u>	<u>477,798</u>	<u>43,403</u>	<u>73,182,636</u>
Less accumulated depreciation for				
Buildings and improvements	24,316,440	1,823,317	434	26,139,323
Vehicles and equipment	4,470,328	335,552		4,805,883
Total accumulated depreciation	<u>28,786,768</u>	<u>2,158,869</u>	<u>434</u>	<u>30,945,206</u>
Total capital assets being depreciated, net	<u>43,961,473</u>	<u>(1,681,071)</u>	<u>42,969</u>	<u>42,237,430</u>
Total capital assets, net	<u>\$ 46,603,216</u>	<u>\$ (1,611,631)</u>	<u>\$ 63,507</u>	<u>\$ 44,928,075</u>

Depreciation expense for the year was charged to the following programs:

Instruction	\$ 1,915,890
Special programs	2,639
Business services	232,172
Enterprise and community services	8,168
	<u>\$ 2,158,869</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 7 - CAPITAL ASSETS – continued**

**Operating Leases**

The District leases copy and postage machines under noncancelable operating leases. Total cost for the leases for the year ended June 30, 2019 was \$84,971. The future minimum lease payments for the machines are as follows:

Year Ending June 30,	Amount
2020	\$ 83,747
2021	83,747
2022	78,032
2023	76,126
Total	\$ 321,652

**NOTE 8 - LONG-TERM LIABILITIES**

A summary of Long-term liability activity for the year ended is as follows. Additional detailed information is available on the following pages.

	Beginning Balance	Additions	Adjustments/ Payments	Ending Balance	Due in One Year
<b>Bonds Payable</b>					
General obligation bonds	\$ 29,750,000	\$	\$ 1,435,000	\$ 28,315,000	\$ 1,555,000
Limited tax pension obligation bonds	9,873,696		262,345	9,611,351	266,351
Unamortized premium/discount	2,566,906		251,105	2,315,801	251,105
	42,190,602		1,948,450	40,242,152	2,072,456
<b>Other Liabilities</b>					
Early retirement benefits	170,493	29,359	58,458	141,395	45,355
Other post employment benefits	1,551,576	66,460		1,618,036	
Accrued compensated absences	98,775	244,210	254,787	88,197	
Total	\$ 44,011,446	\$ 340,029	\$ 3,558,606	\$ 39,495,958	\$ 2,117,811

**Bonds Payable**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are general issued as 20-year serial bonds with equal amounts of principal maturing each year.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 8 - LONG-TERM LIABILITIES – continued**

General Obligation Bonds

On March 15, 2002, the District issued \$15,800,000 in general obligation bonds to finance additions, improvements, capital renovation and reconstruction at District school sites. On May 23, 2013 the outstanding par amount of \$9,780,000 was refunded with a true interest cost of 1.63% and an average coupon rate of 3.65%. The net proceeds after payment of underwriting fees and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the May 15, 2002 general obligation bonds. As a result, the 2002 general obligation bonds are considered to be defeased and the escrowed assets and liability for the bonds have been removed from the government-wide financial statements.

The refunding reduced total debt service by \$1,642,027 and obtained an economic gain defined as the difference between the present values of the debt service payments on the old and new debt of 16.62%.

In May 2012 voters of the District passed a \$26,700,000 bond issue for improvements to school facilities in Madras and Metolius and to pay for half of the cost of constructing a K-8 school in Warm Springs. On May 23, 2013, the District issued \$24,835,000 in general obligation and refunding bonds (General Obligation and Refunding Bonds, Series 2013). Of this issue, \$15,960,000 was issued to finance the improvements to school facilities in Madras and Metolius. The remaining funds were used to refund the March 15, 2002 general obligation bonds.

On July 23, 2013, the District issued the remaining \$10,740,000 in general obligations bonds approved by voters in May 2012. The proceeds were used to fund half of the cost of constructing a new Warm Springs K-8 school, in a joint project with the Confederated Tribes of Warm Springs.

Limited Tax Pension Obligation Bonds

On October 31, 2002, the District participated in the OSBA Pension Bond Pool (Series 2002 OSBA Limited Tax Pension) to finance the District's estimated PERS unfunded liability. The District issued \$12,506,637 in debt as part of the pooled issuance. Except for the payment of its pension bond payments and additional charges when due, each school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

Bond proceeds were paid to the Oregon Public Employees Retirement System. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore a portion of State School Fund support is withheld on a monthly basis to repay debt.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

On January 31, 2012 the District participated with six other school districts to issue the OSBA Limited Tax Pension Refunding Obligations Series 2012 to advance refund the 2021 debt service obligation of the Series 2002 OSBA Limited Tax Pension Issuance. The District issued \$835,000 in debt as part of the \$22,000,000 pooled issuance. As a result, the 2021 portion of the Series 2002 OSBA Limited Tax Pension is considered to be defeased and the escrowed assets and the liability for bonds have been removed from the government-wide financial statements.

The following is a summary of long-debt transactions of governmental activity for the year ended June 30, 2019:

Type	Issue Date	Interest Rates	Beginning Balance	Reductions	Ending Balance	Due in One Year
Pension	October 31, 2002	2.06% to 6.1%	\$ 8,993,696	\$ 262,344	\$ 8,731,352	\$ 266,351
Pension	January 31, 2012	2.75%	880,000		880,000	
General	May 23, 2013	1.25% to 5.0%	19,170,000	1,370,000	17,800,000	1,475,000
General	July 23, 2013	1.25% to 5.0%	10,580,000	65,000	10,515,000	80,000
Total			<u>\$ 39,623,696</u>	<u>\$ 1,697,344</u>	<u>\$ 37,926,352</u>	<u>\$ 1,821,351</u>

Bonds payable on the Statement of Net Position are presented as follows:

	Balance	Bond Premium/ Discount, net	Statement of Net Assets
Current	\$ 1,821,351	\$ 251,105	\$ 2,072,456
Noncurrent	36,105,000	2,064,696	38,169,696
Total Bonds Payable	<u>\$ 37,926,351</u>	<u>\$ 2,315,801</u>	<u>\$ 40,242,152</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Payments on pension bonds are made by the debt service fund from revenue from charges to other funds.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

Future bond maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,821,351	\$ 2,260,813	\$ 4,082,164
2021	2,550,000	1,694,963	4,244,963
2022	2,740,000	1,603,963	4,343,963
2023	2,510,000	1,474,777	3,984,777
2024	2,740,000	1,358,509	4,098,509
2025-2029	15,010,000	4,945,136	19,955,136
2029-2033	10,555,000	771,413	11,326,413
	<u>\$ 37,926,351</u>	<u>\$ 14,109,574</u>	<u>\$ 52,035,925</u>

The District is subject to statutory limitations on indebtedness. Presently the District's net bonded debt is \$92,221,821 less than the statutory debt limit. No interest was capitalized during 2019.

**Termination Benefits**

Special termination benefits have been made available to employees who meet guidelines of a plan adopted by the Board, as described in Note 1.

The liability is funded on a pay-as-you-go basis by the general fund. The liability is measured at the discounted present value of expected future benefit payments using a discount rate of 3.87%. These benefits are in addition to benefits which may become available under the pension plan administered under the Oregon PERS.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2020	\$ 45,355
2021	25,812
2022	19,479
2023	18,820
2024	17,991
Thereafter	13,937
	\$ 141,395

In prior years, the general fund has been used to liquidate long-term liabilities other than long-term debt.

**NOTE 9 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2019 are as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,287,891
Special Revenue Fund	99,894	
Debt Service Fund	1,187,997	
Total	\$ 1,287,891	\$ 1,287,891

The District made transfers from the General Fund to the Special Revenue Fund in recognition that expenditures in food service exceed revenue and to the Debt Service Fund for payment of principal and interest for the OSBA PERS bond issue.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY**

**Postemployment Healthcare Plan**

The District reports its liability for other postemployment 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 on the financial statements.

**Plan Description**

The District sponsors a self-pay early retirement health insurance program for its retirees. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The plan does not issue a stand-alone financial report.

**Funding Policy**

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. The benefits from this program 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.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT  
 RATE SUBSIDY - continued**

**Actuarial Methods and Assumptions**

The District engaged an actuary to perform an evaluation as of June 30, 2019 using entry age normal, level percent of salary Actuarial Cost Method. The OPEB liability was determined based on a valuation date of July 1, 2017 and using the following actuarial assumptions:

Discount Rate	3.87% Increased from prior year rate of 3.58%
General Inflation	2.50%
Annual Salary Increases	3.50%
Health Care Cost Trend	

Medical:

<u>Year</u>	<u>Pre-65 Trend</u>	<u>Year</u>	<u>Pre-65 Trend</u>
2017	4.25%	2042-2043	6.00%
2018	5.50%	2044-2048	5.75%
2019	6.75%	2049-2057	5.50%
2020-2030	5.00%	2058-2064	5.25%
2031-2032	5.25%	2065-2067	5.00%
2033	5.50%	2068-2069	4.75%
2034	6.00%	2070-2073	4.50%
2035-2041	6.25%	2074+	4.25%

Dental and Vision 4.00%

Health care cost trend affects both the projected health care costs as well as the projected health care premiums.

Demographic assumptions regarding retirement, mortality and turnover are based on Oregon PERS valuation assumptions as of December 31, 2016. Disability rates were not used. Mortality rates used the RP-2014 Employee and Healthy Annuitant tables, white collar, sex distinct for members and dependents. For members only, a one-year setback is applied. Future mortality improvement is not projected.

Future retiree coverage: 50% of active members were assumed to elect coverage upon retirement. 60% of male members and 35% of female members who elect coverage upon retirement are assumed to elect spouse coverage. Female spouses are assumed to be two years younger than male spouses. Benefit payments credited to the plan were based on the difference between assumed retiree health care costs less actual retiree paid premiums.

The discount rate assumptions reflect the Bond Buyer 20-Year General Obligation Bond Index.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT  
RATE SUBSIDY - continued**

For the measurement date of July 1, 2017, 391 participants were covered under the plan, including 373 active employees, 17 eligible retirees, and one spouse of ineligible retiree.

**Changes in OPEB Liability**

Balance as of June 30, 2018	\$ 1,551,576
Changes for the year:	
Service cost	166,211
Interest on total OPEB liability	59,355
Effect of assumptions changes or inputs	(38,369)
Benefit payments	<u>(120,737)</u>
Balance as of June 30, 2019	<u><u>\$ 1,618,036</u></u>

The District recognized \$82,278 of OPEB expense related to the implicit rate subsidy for the year ended June 30, 2019.

**Sensitivity Analysis**

The following analysis presents the net OPEBB liability using a discount rate of 3.87%, as well as what the District's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.58%</u>	<u>3.58%</u>	<u>4.58%</u>
Total OPEB Liability	\$ 1,752,712	\$ 1,618,036	\$ 1,494,161

	1% Decrease	Current Trend Rate	1% Increase
	<u>1%</u>	<u>1%</u>	<u>1%</u>
Total OPEB Liability	\$ 1,443,984	\$ 1,618,036	\$ 1,812,967

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT  
RATE SUBSIDY - continued**

**Deferred Inflow and Outflows**

Under GASB 75, gains and losses which are amortized over future year are referred to as deferred inflows (gains) and deferred outflows (losses). Economic and demographic gains and losses and changes in the Total OPEB Liability due to changes in assumptions are recognized over the closed period equal to the average expected remaining service lives of all covered active and inactive participants. The amortization period of 8.1 year is calculated as the weighted average of expected remaining service lives assuming zero years for all retirees.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Inflows of Resources	Deferred Outflow of Resources
Changes of assumptions or inputs	\$ (103,858)	\$
Benefit payments		127,038
Total	\$ (103,858)	\$ 127,038

Changes of assumptions or inputs reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2020	\$ (16,250)
2021	(16,250)
2022	(16,250)
2023	(16,250)
2024	(16,250)
Thereafter	(22,608)
	\$ (103,858)

The benefit payments of \$127,038 classified as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the subsequent year.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE  
HEALTH INSURANCE PLAN**

**Plan Description**

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by school districts is mandatory. PERS administers the Retirement Health Insurance Account (RHIA), a cost-sharing, multiple employer defined benefit other postemployment benefit plan (OPEB). RHIA plan assets may be used to pay the benefits of any employer that is a member of PERS. Contributions to RHIA are mandatory for PERS members.

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. As of June 30, 2018, there were 46,033 plan participants receiving benefits, and there were 56,000 active and 15,215 inactive members who meet the requirements to receive RHIA benefits when they retire.

**Contributions**

PERS sets required contribution rates biannually for members. The RHIA portion of this required contribution is .43%. The District's total contribution to the RHIA plan for the year ended June 30, 2019 was \$80,588.

**Net OPEB asset**

At June 30, 2019, the District reported an asset of \$196,032 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**Proportionate share allocation methodology**

The basis for the employer's proportion is actuarially determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers.

**Net OPEB income**

For the year ended June 30, 2019, the District recognized net OPEB income of \$103,058. The District's proportionate share of the collective net OPEB asset was .175614%, an increase from its proportionate share of .172918% of the OPEB liability at the previous measurement date.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE  
HEALTH INSURANCE PLAN - continued**

**Deferred inflows and outflows**

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

	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 11,110
Changes in assumptions	622
Net difference between projected and actual earnings on investments	42,264
Changes in proportionate share	<u>736</u>
Total	<u><u>\$ 54,732</u></u>

Deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2020	\$ (18,157)
2021	(18,100)
2022	(14,273)
2023	<u>(4,202)</u>
	<u><u>\$ (54,732)</u></u>

Deferred inflows and outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2018, the following significant deferred items are reported:

- Differences between expected and actual experience since the prior measurement date, which is being amortized over the remaining service lives of all plan participants, including retirees. The average remaining service life as of the beginning of the June 30, 2018 measurement period was 3.3 years.
- Net difference between projected and actual investment earnings, which is being amortized over a closed five-year period.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE**  
**HEALTH INSURANCE PLAN - continued**

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2016 actuarial valuation was determined based on the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50 percent
Projected salary increase	3.5 percent
Discount rate	7.2 percent
Long-term expected rate of return	7.20 percent
Retiree healthcare participation	Healthy retirees: 38%; disabled retirees: 20%

Mortality rates for healthy retirees were based on the RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees' mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for 2016, published July 2017.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE**  
**HEALTH INSURANCE PLAN - continued**

*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 2017 the PERS 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.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00%	3.29%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leverage Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Market Equities	4.12%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.88%	5.43%	3.84%	18.95%
Assumed Inflation Mean			2.50%	1.85%

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

*Discount Rate*

The discount rate used to measure the total pension liability of the Plan was 7.20 percent. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE**  
**HEALTH INSURANCE PLAN - continued**

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	Discount rate	Proportionate share of net OPEB liability (asset)
1% decrease	6.20%	\$ (114,140)
Current discount rate	7.20%	(196,302)
1% increase	8.20%	(265,740)

*Plan Fiduciary Net Position*

GASB 75 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency; it is left to professional judgment.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS – PERS RETIREE  
HEALTH INSURANCE PLAN - continued**

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume the plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN**

**Plan Description**

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by school districts is mandatory. As of June 30, 2018 there were 924 participating employers and State Agencies. PERS issues a publicly available financial report which can be obtained on their website, [www.oregon.gov/PERS](http://www.oregon.gov/PERS).

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued**

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 58 for Tier One. As of June 30, 2018, there were 21,392 active plan members, 127,501 retired plan members or their beneficiaries currently receiving benefits, 12,413 inactive plan members entitled to but not yet receiving benefits for a total of 161,306 Tier One members. For Tier Two members, as of June 30, 2018, there were 35,136 active plan members, 13,908 retired plan members or their beneficiaries currently receiving benefits, 15,261 inactive plan members entitled to but not yet receiving benefits, for a total of 64,305 Tier Two members in the System.

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit), which is part of the Plan and the Individual Account Program, which is reported as a separate plan in PERS financial statements. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2018, there were 119,469 active plan members, 4,454 retired plan members or their beneficiaries currently receiving benefits, 5,013 inactive plan members entitled to but not receiving benefits, and 13,306 inactive plan members not eligible for refund or retirement, for a total of 142,242 OPSRP Pension Program members.

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan 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.

For the year ended June 30, 2019, the District's total payroll for all employees was \$21,873,451. Total covered payroll was \$19,185,868. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

**Contributions**

PERS members are required to contribute 6% of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier One and Tier Two for the year ended June 30, 2019 was 18.79% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2019 was 13.46%. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the year ended June 30, 2019 was \$2,903,616.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued**

In addition, employee contributions made by the District under employment contracts were \$1,127,486 employee contributions for the year ended June 30, 2019.

Pension Assets, Pension Income, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$30,256,001 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. Update procedures were used to roll forward the total pension liability to the measurement date.

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The projected long-term contribution effort is equal to the sum of the present value of the future normal costs (PVFNC) and the unfunded actuarial liability (UAL). The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term contribution effort is estimated by projecting the present value of all future normal cost rate contributions. The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the Normal Cost Rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For PERS funding, employers have three different payrolls, each with a different Normal Cost Rate:

- Tier One/Tier Two payroll
- OPSRP General Service payroll
- OPSRP Police & Fire payroll

A UAL exists when Plan assets are less than the actuarial liability as measured by the Plan's actuarial funding valuations. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service. In determining the employer's projected long-term contribution effort to the Plan, the UAL component was adjusted for supplemental lump-sum payments made during the measurement period, if applicable.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued**

After the employer’s projected long-term contribution effort is calculated, that amount is reduced by the value of the employer’s supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer’s projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The employer’s projected long-term contribution effort does not include contributions toward the current value of transition liabilities and pre-SLGRP (State and Local Government Rate Pool) liabilities, which PERS has determined meet the definition of separately financed employer liabilities.

For the year ended June 30, 2019, the District recognized pension expense of \$2,705,687. The District’s proportionate share of the collective net pension liability was .19972694%, an increase from its proportionate share of .19314068%, at the previous measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,029,219	\$
Changes of assumptions	7,034,463	
Net difference between projected and actual earnings on investments		1,343,537
Changes in proportionate share	544,314	1,310,253
Difference between employer contributions and employer's proportionate share of system contributions		386,841
District contributions subsequent to the measurement date	2,821,117	
Total	\$ 11,429,113	\$ 3,040,631

Deferred inflows and outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2018, the following deferred items are reported:

- Difference between expected and actual experience
- Changes of assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued**

- Difference between employer contributions and employer’s share of system contributions
- Employer contributions made after the measurement date

Differences between expected and actual experience, changes in assumptions, changes in employer proportion and changes between employer contributions and proportionate share of contributions are amortized over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined at the beginning of each measurement period are:

- Year ended June 30, 2018 – 5.2 years
- Year ended June 30, 2017 – 5.3 years
- Year ended June 30, 2016 – 5.3 years
- Year ended June 30, 2015 – 5.4 years
- Year ended June 30, 2014 – 5.6 years

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

The \$2,821,117 of deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

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

<u>Year ending June 30,</u>	
2020	\$ 3,257,983
2021	2,263,809
2022	(531,637)
2023	381,848
2024	195,362
	<u>\$ 5,567,365</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN - continued**

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50 percent
Projected salary increase	3.50 percent
Discount rate	7.20 percent
Long-term expected rate of return	7.20 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blended based on service

Healthy retirees and beneficiaries mortality rates were based on the RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members' mortality rates are a percentage were based on the RP-2014 Employees, sex-distinct, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees' mortality rates were based on the RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for 2016, published July 2017.

*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 2015 the PERS 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.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN - continued**

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00%	3.29%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leverage Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Market Equities	4.12%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.88%	5.43%	3.84%	18.95%
Assumed Inflation Mean			2.50%	1.85%

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

*Discount Rate*

The discount rate used to measure the total pension liability of the Plan was 7.20 percent. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN - continued**

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	Discount rate	Proportionate share of net pension liability (asset)
1% decrease	6.20%	\$ 50,563,493
Current discount rate	7.20%	30,256,001
1% increase	8.20%	13,493,828

*Plan Fiduciary Net Position*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected rate of return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 often requires that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of solvency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume the plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 12 – PUBLIC PENSION RETIREMENT PLAN - continued**

Based on these circumstances, it is the PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**NOTE 13 - ENVIRONMENTAL MATTERS**

The District has complied with EPA standards for asbestos encasement as well as maintenance of an asbestos management plan. In addition, the District's fuel storage facilities meet EPA standards including annual testing requirements. Testing of lead pipes during the summer showed no elevated lead levels.

**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; injuries to employees; and natural disasters.

The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has not changed significantly from prior years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<b>Revenues</b>						
Property taxes	\$ 4,524,000	\$ 4,524,000	\$ 4,449,570	\$	\$ 4,449,570	\$ (74,430)
Investment earnings	189,850	189,850	512,348		512,348	322,498
Admissions	20,000	20,000	17,353		17,353	(2,647)
Other local sources	1,694,730	1,694,730	1,842,079		1,842,079	147,349
Intermediate sources	115,000	115,000	179,226		179,226	64,226
State sources	27,044,755	27,044,755	27,541,145		27,541,145	496,390
Federal sources	2,351,875	2,351,875	3,300,679		3,300,679	948,804
<b>Total revenues</b>	<b>35,940,210</b>	<b>35,940,210</b>	<b>37,842,400</b>		<b>37,842,400</b>	<b>1,902,190</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	21,069,358	21,069,358	19,496,435		19,496,435	(1,572,923)
Support services	16,030,883	16,030,883	14,479,250	(456,040)	14,023,210	(1,551,633)
Community services	124,134	124,134	112,864		112,864	(11,270)
Facilities acquisition	376,300	376,300	36,183		36,183	(340,117)
Contingency	250,000	250,000				(250,000)
Capital outlay				456,040	456,040	
<b>Total expenditures</b>	<b>37,850,675</b>	<b>37,850,675</b>	<b>34,124,732</b>		<b>34,124,732</b>	<b>(3,725,943)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,910,465)	(1,910,465)	3,717,668		3,717,668	5,628,133
<b>Other financing sources (uses)</b>						
Operating transfers in	804,400	804,400				(804,400)
Operating transfers out	(2,246,208)	(2,246,208)	(1,287,891)		(1,287,891)	958,317
Proceeds from sales of assets			43,971		43,971	43,971
<b>Total other financing sources and (uses)</b>	<b>(1,441,808)</b>	<b>(1,441,808)</b>	<b>(1,243,920)</b>		<b>(1,243,920)</b>	<b>197,888</b>
Net change in fund balance	(3,352,273)	(3,352,273)	2,473,748		2,473,748	5,826,021
Fund balance - beginning of year	11,728,804	11,728,804	13,648,648		13,648,648	1,919,844
Fund balance - end of year	\$ 8,376,531	\$ 8,376,531	\$ 16,122,395	\$	\$ 16,122,396	\$ 7,745,865

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classifications into capital outlay.

Adjustments to GAAP basis are necessary where budgeted transfers were made within the general fund sub-funds.



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Other local sources	\$ 632,685	\$ 764,895	\$ 704,273	\$	\$ 704,273	\$ (60,622)
Intermediate sources		4,589	2,295		2,295	(2,294)
State sources	1,213,855	2,115,495	1,580,127		1,580,127	(535,368)
Federal sources	4,770,741	6,981,516	5,341,818		5,341,818	(1,639,698)
<b>Total revenues</b>	<b>6,617,281</b>	<b>9,866,495</b>	<b>7,628,513</b>		<b>7,628,513</b>	<b>(2,237,982)</b>
<u>Expenditures</u>						
Current						
Instruction	3,129,340	4,264,005	3,186,216		3,186,216	(1,077,789)
Support services	1,315,151	2,915,989	2,157,072	(2,000)	2,155,072	(758,917)
Community services	2,589,281	2,622,992	2,490,916		2,490,916	(132,076)
Facilities acquisition		240,000	44,476		44,476	(195,524)
Capital outlay				2,000	2,000	
<b>Total expenditures</b>	<b>7,033,772</b>	<b>10,042,986</b>	<b>7,878,680</b>		<b>7,878,680</b>	<b>(2,164,306)</b>
Excess (deficiency) of revenues over (under) expenditures	(416,491)	(176,491)	(250,167)		(250,167)	(73,676)
<u>Other financing sources (uses)</u>						
Operating transfers in	254,100	254,100	99,894		99,894	(154,206)
Operating transfers out	(5,000)	(5,000)				5,000
Gain on sale of capital assets			8,029		8,029	8,029
<b>Total other financing sources and (uses)</b>	<b>249,100</b>	<b>249,100</b>	<b>107,923</b>		<b>107,923</b>	<b>(141,177)</b>
Net change in fund balance	(167,391)	72,609	(142,244)		(142,244)	(214,853)
Fund balance - beginning of year	297,391	297,391	453,236		453,236	155,845
Fund balance - end of year	\$ 130,000	\$ 370,000	\$ 310,992	\$	\$ 310,992	\$ (59,008)

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classifications into capital outlay.

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF THE PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (ASSET)**

**YEAR ENDED JUNE 30, 2019**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) CAL's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.199727%	\$ 30,256,001	\$ 18,741,483	161.4%	82.1%
2018	0.193105%	26,035,437	17,983,977	144.8%	83.1%
2017	0.209208%	31,406,929	17,076,143	183.9%	80.5%
2016	0.222334%	12,765,490	16,894,802	75.6%	91.9%
2015	0.240095%	(5,442,268)	15,688,932	-34.7%	103.6%
2014	0.240095%	12,252,398	15,935,387	76.9%	92.0%

**Notes to RSI**

Schedule will be reported on a prospective basis for 10-years as information prior to June 30, 2014 was not available.

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF CONTRIBUTIONS**  
**PENSION PLAN**

**YEAR ENDED JUNE 30, 2019**

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2019	\$ 2,821,117	\$ 2,821,117	\$	\$ 19,185,869	14.70%
2018	2,778,098	2,778,098		18,741,483	14.82%
2017	1,915,106	1,915,106		17,983,977	10.65%
2016	1,850,319	1,850,319		17,076,143	10.84%
2015	2,352,176	2,352,176		16,894,802	13.92%
2014	2,197,888	2,197,888		15,688,932	14.01%

**Notes to RSI**

Schedule will be reported on a prospective basis for 10-years as information prior to June 30, 2014 was not available.

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT  
BENEFIT (OPEB) LIABILITY - IMPLICIT RATE SUBSIDY**

**YEAR ENDED JUNE 30,**

	<u>2019</u>	<u>2018</u>
Total OPEB, beginning	\$ 1,551,576	\$ 1,591,593
Service cost	166,211	173,218
Interest on total OPEB liability	59,355	47,921
Effect of assumptions changes or inputs	(38,369)	(93,252)
Benefit payments	<u>(120,737)</u>	<u>(167,904)</u>
Net change in OPEB liability	<u>66,460</u>	<u>(40,017)</u>
Total OPEB, ending	<u><u>\$ 1,618,036</u></u>	<u><u>\$ 1,551,576</u></u>

**Notes to RSI**

Schedule will be reported on a prospective basis for 10-years as information prior to to June 30, 2018 was not available.

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
OTHER POSTEMPLOYMENT BENEFIT LIABILITY (ASSET) - RHIA**

**YEARS ENDED JUNE 30,**

	(a) Employer's proportion of the OPEB liability (asset)		(b) Employer's proportionate share of the OPEB liability (asset)		(c) CAL's covered payroll		(b/c) OPL(A) as a percentage of covered payroll		Plan fiduciary net position as a percentage of the total pension liability	
2019	0.17561353	%	\$ (196,032)	\$	18,741,483		(1.0)	%	(123.99)	%
2018	0.17291765		(72,166)		17,983,977		(0.4)		(108.90)	
2017	0.17544888		47,645		17,076,143		0.3		94.20	

**Notes to RSI**

Schedule will be reported on a prospective basis for 10-years as information prior to June 30, 2017 was not available.

**SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF CONTRIBUTIONS**  
**OTHER POSTEMPLOYMENT BENEFITS - RHIA PLAN**

**YEAR ENDED JUNE 30, 2019**

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2019	\$ 82,499	\$ 82,499	\$	\$ 19,185,869	0.43%
2018	80,588	80,588		18,741,483	0.43%
2017	80,928	80,928		17,983,977	0.45%

**Notes to RSI**

Schedule will be reported on a prospective basis for 10-years as information prior to June 30, 2017 was not available.

**SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Property taxes	\$ 2,759,800	\$ 2,759,800	\$ 2,739,185	\$	\$ 2,739,185	\$ (20,615)
Investment earnings	11,500	11,500	40,568		40,568	29,068
Total revenues	<u>2,771,300</u>	<u>2,771,300</u>	<u>2,779,753</u>		<u>2,779,753</u>	<u>8,453</u>
<u>Expenditures</u>						
Current						
Debt service	3,961,765	3,961,765	3,961,068	(3,961,068)		(697)
Principal				1,697,345	1,697,345	
Interest				2,263,723	2,263,723	
Total expenditures	<u>3,961,765</u>	<u>3,961,765</u>	<u>3,961,068</u>		<u>3,961,068</u>	<u>(697)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,190,465)</u>	<u>(1,190,465)</u>	<u>(1,181,315)</u>		<u>(1,181,315)</u>	<u>9,150</u>
<u>Other financing sources (uses)</u>						
Operating transfers in	<u>1,192,708</u>	<u>1,192,708</u>	<u>1,187,997</u>		<u>1,187,997</u>	<u>(4,711)</u>
Net change in fund balance	2,243	2,243	6,682		6,682	4,439
Fund balance - beginning of year			<u>30,735</u>		<u>30,735</u>	<u>30,735</u>
Fund balance - end of year	<u>\$ 2,243</u>	<u>\$ 2,243</u>	<u>\$ 37,417</u>	<u>\$</u>	<u>\$ 37,417</u>	<u>\$ 35,174</u>

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law requires budgeting at the functional level, whereas GAAP requires additional classifications into principal and interest.



**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

<u>ASSETS</u>	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	106 - Furniture Replacement Fund
Cash and investments	\$ 10,531,493	\$ 1,574,250	\$ 19,961	\$ 126,058	\$ 4,299	\$ 14,712
Receivables						
Property taxes	247,313					
Other	445,472				8,071	
Due from other funds	190,346					
<b>Total assets</b>	<b>\$ 11,414,624</b>	<b>\$ 1,574,250</b>	<b>\$ 19,961</b>	<b>\$ 126,058</b>	<b>\$ 12,370</b>	<b>\$ 14,712</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 269,811	\$	\$ 200	\$ 594	\$ 5,877	\$
Accrued payroll liability	1,857,345		76		6,493	
Tenant deposit				1,125		
<b>Total liabilities</b>	<b>2,127,156</b>		<b>276</b>	<b>1,719</b>	<b>12,370</b>	
<u>DEFERRED INFLOWS</u>						
Unavailable property taxes	224,060					
Unearned revenue	212,545			2,775		
<b>Total deferred inflows</b>	<b>436,605</b>			<b>2,775</b>		
<u>FUND BALANCES</u>						
Committed to:						
Bus replacement		1,574,250				
Classroom furniture replacement						14,712
Equipment replacement						
Employee Wellness			19,685			
Maintenance projects						
Performing arts center fund						
Stabilization of general fund						
Technology replacement plan fund						
Textbook replacement plan fund						
Warm Springs housing				121,564		
Warm Springs school construction						
Assigned to:						
Appropriated ending fund balance	3,823,633					
Unassigned	5,027,230					
<b>Total fund balances</b>	<b>8,850,863</b>	<b>1,574,250</b>	<b>19,685</b>	<b>121,564</b>		<b>14,712</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 11,414,624</b>	<b>\$ 1,574,250</b>	<b>\$ 19,961</b>	<b>\$ 126,058</b>	<b>\$ 12,370</b>	<b>\$ 14,712</b>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

<u>ASSETS</u>	107 - Technology Replacement Fund	108 - Textbook Replacement Fund	109 - Equipment Fund	110 - Maintenance Projects
Cash and investments	\$ 463,038	\$ 1,405,876	\$ 562,595	\$ 1,644,424
Receivables				
Property taxes				
Other	34,324			5,434
Due from other funds				
<b>Total assets</b>	<b>\$ 497,362</b>	<b>\$ 1,405,876</b>	<b>\$ 562,595</b>	<b>\$ 1,649,858</b>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$ 6,547	\$ 2,407
Accrued payroll liability				
Tenant deposit				
<b>Total liabilities</b>			<b>6,547</b>	<b>2,407</b>
 <u>DEFERRED INFLOWS</u>				
Unavailable property taxes				
Unearned revenue				
<b>Total deferred inflows</b>				
 <u>FUND BALANCES</u>				
Committed to:				
Bus replacement				
Classroom furniture replacement				
Equipment replacement			556,048	
Employee Wellness				
Maintenance projects				1,647,451
Performing arts center fund				
Stabilization of general fund				
Technology replacement plan fund	497,362			
Textbook replacement plan fund		1,405,876		
Warm Springs housing				
Warm Springs school construction				
Assigned to:				
Appropriated ending fund balance				
Unassigned				
<b>Total fund balances</b>	<b>497,362</b>	<b>1,405,876</b>	<b>556,048</b>	<b>1,647,451</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 497,362</b>	<b>\$ 1,405,876</b>	<b>\$ 562,595</b>	<b>\$ 1,649,858</b>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

<u>ASSETS</u>	111 - PERS Bond Reserve	119 - Warm Springs Facility	Total	
			2019	2018
Cash and investments	\$ 1,008,250	\$ 426,334	\$ 17,781,291	\$ 14,179,499
Receivables				
Property taxes			247,313	210,997
Other			493,301	918,826
Due from other funds			190,346	710,733
<b>Total assets</b>	<b>\$ 1,008,250</b>	<b>\$ 426,334</b>	<b>\$ 18,712,251</b>	<b>\$ 16,020,055</b>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$ 285,436	\$ 185,594
Accrued payroll liability			1,863,914	1,648,377
Tenant deposit			1,125	1,875
<b>Total liabilities</b>			<b>2,150,476</b>	<b>1,835,846</b>
 <u>DEFERRED INFLOWS</u>				
Unavailable property taxes			224,060	191,924
Unearned revenue			215,320	343,637
<b>Total deferred inflows</b>			<b>439,380</b>	<b>535,561</b>
 <u>FUND BALANCES</u>				
Committed to:				
Bus replacement			1,574,250	1,379,892
Classroom furniture replacement			14,712	
Equipment replacement			556,048	533,610
Employee Wellness			19,685	21,515
Maintenance projects			1,647,451	1,260,546
Performing arts center fund				56,131
Stabilization of general fund	1,008,250		1,008,250	1,010,000
Technology replacement plan fund			497,362	382,030
Textbook replacement plan fund			1,405,876	966,733
Warm Springs housing			121,564	94,478
Warm Springs school construction		426,334	426,334	426,334
Assigned to:				
Appropriated ending fund balance			3,823,633	3,352,273
Unassigned			5,027,230	4,165,106
<b>Total fund balances</b>	<b>1,008,250</b>	<b>426,334</b>	<b>16,122,395</b>	<b>13,648,648</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,008,250</b>	<b>\$ 426,334</b>	<b>\$ 18,712,251</b>	<b>\$ 16,020,055</b>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	106 - Furniture Replacement Fund
<u>Revenues</u>						
Property taxes	\$ 4,449,570	\$	\$	\$	\$	\$
Interest	512,348					
Admissions	17,353					
Other local sources	1,689,714		700	17,061	17,660	
Intermediate sources	103,656					
State sources	27,338,857	202,288				
Federal sources	3,289,809					
<b>Total revenues</b>	<b>37,401,307</b>	<b>202,288</b>	<b>700</b>	<b>17,061</b>	<b>17,660</b>	
<u>Expenditures</u>						
Current						
Instruction	19,354,968					35,288
Support services	13,653,393		10,030	5,507	91,133	
Enterprise and community services	30,387				77,515	
Capital outlay	23,928	307,930		14,467		
<b>Total expenditures</b>	<b>33,062,676</b>	<b>307,930</b>	<b>10,030</b>	<b>19,974</b>	<b>168,648</b>	<b>35,288</b>
Excess (deficiency) of revenues over (under) expenditures	4,338,631	(105,642)	(9,330)	(2,913)	(150,988)	(35,288)
Other financing sources (uses)						
Operating transfers in		300,000	7,500	30,000	94,857	50,000
Operating transfers out	(3,005,148)					
Gain on sale of capital assets						
<b>Total other financing sources and (uses)</b>	<b>(3,005,148)</b>	<b>300,000</b>	<b>7,500</b>	<b>30,000</b>	<b>94,857</b>	<b>50,000</b>
Net change in fund balance	1,333,483	194,358	(1,830)	27,087	(56,131)	14,712
Fund balance - beginning of year	7,517,380	1,379,892	21,515	94,478	56,131	
Fund balance - end of year	<u>\$ 8,850,863</u>	<u>\$ 1,574,250</u>	<u>\$ 19,685</u>	<u>\$ 121,564</u>	<u>\$</u>	<u>\$ 14,712</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	107 - Technology Replacement Fund	108 - Textbook Replacement Fund	109 - Equipment Replacement Fund	110 - Maint and Repair Projects	111 - PERS Bond Reserve
<u>Revenues</u>					
Property taxes	\$	\$	\$	\$	\$
Interest					
Admissions					
Other local sources	111,943			5,000	
Intermediate sources				75,570	
State sources					
Federal sources			10,870		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	111,943		10,870	80,570	
<u>Expenditures</u>					
Current					
Instruction		106,179			
Support services	141,552	4,678	95,259	19,908	1,750
Enterprise and community services			4,962		
Facilities acquisition and construction				36,183	
Capital outlay	37,709		59,182	12,824	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	179,261	110,857	159,403	68,915	1,750
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>(67,318)</u>	<hr/> <u>(110,857)</u>	<hr/> <u>(148,533)</u>	<hr/> <u>11,655</u>	<hr/> <u>(1,750)</u>
Other financing sources (uses)					
Operating transfers in	182,650	550,000	127,000	375,250	
Operating transfers out					
Gain on sale of capital assets			43,971		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and (uses)	182,650	550,000	170,971	375,250	
Net change in fund balance	115,332	439,143	22,438	386,905	(1,750)
Fund balance - beginning of year	<hr/> <u>382,030</u>	<hr/> <u>966,733</u>	<hr/> <u>533,610</u>	<hr/> <u>1,260,546</u>	<hr/> <u>1,010,000</u>
Fund balance - end of year	<hr/> <u>\$ 497,362</u>	<hr/> <u>\$ 1,405,876</u>	<hr/> <u>\$ 556,048</u>	<hr/> <u>\$ 1,647,451</u>	<hr/> <u>\$ 1,008,250</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	119 - Warm Springs Facility	Total	
		2019	2018
<u>Revenues</u>			
Property taxes	\$	\$ 4,449,570	\$ 4,325,640
Interest		512,348	286,747
Admissions		17,353	21,136
Other local sources		1,842,078	1,833,795
Intermediate sources		179,226	166,610
State sources		27,541,145	26,878,245
Federal sources		3,300,679	2,768,339
		<hr/>	<hr/>
Total revenues		37,842,399	36,280,512
<u>Expenditures</u>			
Current			
Instruction		19,496,435	19,047,796
Support services		14,023,210	13,300,728
Enterprise and community services		112,864	102,074
Facilities acquisition and construction		36,183	83,103
Capital outlay		456,040	408,416
		<hr/>	<hr/>
Total expenditures		34,124,732	32,942,117
Excess (deficiency) of revenues over (under) expenditures		<hr/>	<hr/>
		3,717,667	3,338,395
<u>Other financing sources (uses)</u>			
Operating transfers in		1,717,257	1,584,900
Operating transfers out		(3,005,148)	(2,894,143)
Gain on sale of capital assets		43,971	22,859
		<hr/>	<hr/>
Total other financing sources and (uses)		(1,243,920)	(1,286,384)
Net change in fund balance		2,473,747	2,052,011
Fund balance - beginning of year	426,334	13,648,648	11,596,638
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 426,334	\$ 16,122,395	\$ 13,648,648
	<hr/>	<hr/>	<hr/>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	203 - Title 1A: Grant to LEAs	204 - 21st Century	205 - Title VII: Indian Education	207 - Native Language	211 -District Improvement	212 - WS K-8 School Improvement Grant	213 - IDEA	216 - Title III: English Language Acquisition
<b><u>ASSETS</u></b>								
Cash and investments	\$ 79,236	\$	\$	\$	\$	\$ 12,813	\$ 18,615	\$
Receivables - reimbursement claims	33,789	19,344	19,684		31,452		80,996	11,530
Inventory								
Total assets	<u>\$ 113,025</u>	<u>\$ 19,344</u>	<u>\$ 19,684</u>	<u>\$</u>	<u>\$ 31,452</u>	<u>\$ 12,813</u>	<u>\$ 99,611</u>	<u>\$ 11,530</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
<b>Liabilities</b>								
Accounts payable	\$ 140	\$ 16	\$	\$	\$	\$	\$ 42,803	\$
Accrued payroll liability	112,885	15,324	15,518		21,669	12,813	54,316	9,495
Deposits								
Due to other funds		4,004	4,166		9,783			2,035
Total liabilities	<u>113,025</u>	<u>19,344</u>	<u>19,684</u>	<u></u>	<u>31,452</u>	<u>12,813</u>	<u>97,119</u>	<u>11,530</u>
<b><u>DEFERRED INFLOWS</u></b>								
Deferred Revenues							2,492	
<b><u>FUND BALANCES</u></b>								
<b>Nonspendable:</b>								
Inventory and prepaid expenses								
<b>Restricted for:</b>								
Federal programs								
State and local grants and donations								
<b>Committed to:</b>								
Student activities								
<b>Assigned for:</b>								
Onsite child care								
Total fund balances								
Total liabilities, fund balances and deferred inflows	<u>\$ 113,025</u>	<u>\$ 19,344</u>	<u>\$ 19,684</u>	<u>\$ -</u>	<u>\$ 31,452</u>	<u>\$ 12,813</u>	<u>\$ 99,611</u>	<u>\$ 11,530</u>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	217 - Elementary Counseling Grant	218 - Indian Demonstration Grant	219 - It's A New Day	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1- C Migrant Education	232 - Onsite Child Care
<b><u>ASSETS</u></b>								
Cash and investments	\$ 10,123	\$ 689	\$	\$ 412	\$	\$	\$	\$ 17,479
Receivables - reimbursement claims		11,298	6,936		104,458	4,345	32,956	
Inventory								
<b>Total assets</b>	<b><u>\$ 10,123</u></b>	<b><u>\$ 11,987</u></b>	<b><u>\$ 6,936</u></b>	<b><u>\$ 412</u></b>	<b><u>\$ 104,458</u></b>	<b><u>\$ 4,345</u></b>	<b><u>\$ 32,956</u></b>	<b><u>\$ 17,479</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
Liabilities								
Accounts payable	\$	\$ 10,100	\$	\$	\$ 45,667	\$	\$	\$
Accrued payroll liability	10,123	1,887	3,296	412	26,144	255		13,721
Deposits								
Due to other funds			3,640		32,647	4,090	32,956	
<b>Total liabilities</b>	<b><u>10,123</u></b>	<b><u>11,987</u></b>	<b><u>6,936</u></b>	<b><u>412</u></b>	<b><u>104,458</u></b>	<b><u>4,345</u></b>	<b><u>32,956</u></b>	<b><u>13,721</u></b>
<b><u>DEFERRED INFLOWS</u></b>								
Deferred Revenues								
<b><u>FUND BALANCES</u></b>								
Nonspendable:								
Inventory and prepaid expenses								
Restricted for:								
Federal programs								
State and local grants and donations								
Committed to:								
Student activities								
Assigned for:								
Onsite child care								3,758
<b>Total fund balances</b>								<b><u>3,758</u></b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b><u>\$ 10,123</u></b>	<b><u>\$ 11,987</u></b>	<b><u>\$ 6,936</u></b>	<b><u>\$ 412</u></b>	<b><u>\$ 104,458</u></b>	<b><u>\$ 4,345</u></b>	<b><u>\$ 32,956</u></b>	<b><u>\$ 17,479</u></b>



**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	234 - HDESD Grants	235 - ODE State Grants	236 - Measure 98	237 - Outdoor School	242 - Miscellaneous State & Local Grants	249 - School Enrichment Fund	258 -Title VI- B: Rural Education Achievement	260 - Summer Nutrition Program
<b><u>ASSETS</u></b>								
Cash and investments	\$	\$	\$ 25,797	\$	\$ 119,080	\$ 52,054	\$	\$ 18,920
Receivables - reimbursement claims	5,228	352,543		32,774	5,000		113	8,018
Inventory								
<b>Total assets</b>	<b>\$ 5,228</b>	<b>\$ 352,543</b>	<b>\$ 25,797</b>	<b>\$ 32,774</b>	<b>\$ 124,080</b>	<b>\$ 52,054</b>	<b>\$ 113</b>	<b>\$ 26,938</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
<b>Liabilities</b>								
Accounts payable	\$	\$	\$	\$ 31,140	\$	\$ 25	\$	\$ 711
Accrued payroll liability	3,586	53,625	25,797		3,598		40	4,452
Deposits								
Due to other funds	1,642	93,674		1,634			73	
<b>Total liabilities</b>	<b>5,228</b>	<b>147,299</b>	<b>25,797</b>	<b>32,774</b>	<b>3,598</b>	<b>25</b>	<b>113</b>	<b>5,163</b>
<b><u>DEFERRED INFLOWS</u></b>								
Deferred Revenues		205,244			120,482			
<b><u>FUND BALANCES</u></b>								
<b>Nonspendable:</b>								
Inventory and prepaid expenses								
<b>Restricted for:</b>								
Federal programs								21,775
State and local grants and donations								
<b>Committed to:</b>								
Student activities						52,029		
<b>Assigned for:</b>								
Onsite child care								
<b>Total fund balances</b>						<b>52,029</b>		<b>21,775</b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 5,228</b>	<b>\$ 352,543</b>	<b>\$ 25,797</b>	<b>\$ 32,774</b>	<b>\$ 124,080</b>	<b>\$ 52,054</b>	<b>\$ 113</b>	<b>\$ 26,938</b>

SCHOOL DISTRICT NO.509J  
Jefferson County, Oregon

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
SPECIAL REVENUE FUND SUB FUNDS

JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018

	261 - Title II-A: Quality Teacher's Fund	262 - Student Body Funds	265 - Classroom Mini Grants	270- Student After School Meals	280 - Food Services	290 - Donations	Total	
							2019	2018
<b>ASSETS</b>								
Cash and investments	\$ 3,957	\$ 174,955	\$ 2,736	\$ 64,273	\$ 77,731	\$ 14,731	\$ 693,602	\$ 669,349
Receivables - reimbursement claims	4,320		1,000	1,198	71,706		838,689	1,219,091
Inventory					32,474		32,474	30,171
Total assets	<u>\$ 8,277</u>	<u>\$ 174,955</u>	<u>\$ 3,736</u>	<u>\$ 65,471</u>	<u>\$ 181,911</u>	<u>\$ 14,731</u>	<u>\$ 1,564,765</u>	<u>\$ 1,918,611</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$	\$ 6,114	\$	\$	\$ 9,987	\$	\$ 146,703	\$ 122,833
Accrued payroll liability	8,277			3,511	171,924		572,668	511,678
Deposits								
Due to other funds							190,346	710,733
Total liabilities	<u>8,277</u>	<u>6,114</u>		<u>3,511</u>	<u>181,911</u>		<u>909,717</u>	<u>1,345,244</u>
<b>DEFERRED INFLOWS</b>								
Unearned revenue			3,736			12,102	344,057	120,130
<b>FUND BALANCES</b>								
Nonspendable:								
Inventory and prepaid expenses					32,474		32,474	30,171
Restricted for:								
Federal programs				61,960	(32,474)		51,261	123,979
State and local grants and donations						2,629	2,629	2,629
Committed to:								
Student activities		168,841					220,870	235,751
Assigned for:								
Onsite child care							3,758	60,707
Total fund balances		<u>168,841</u>		<u>61,960</u>		<u>2,629</u>	<u>310,992</u>	<u>453,237</u>
Total liabilities, fund balances and deferred inflows	<u>\$ 8,277</u>	<u>\$ 174,955</u>	<u>\$ 3,736</u>	<u>\$ 65,471</u>	<u>\$ 181,911</u>	<u>\$ 14,731</u>	<u>\$ 1,564,765</u>	<u>\$ 1,918,611</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	203 - Title 1A: Grant to LEAs	204 - 21st Century	205 - Title VII: Indian Education	206 - Johnson O'Malley	207 - Native Language	211 - District Improvement	212 - WS K-8 School Improvement	213 - IDEA	216 - Title III: English Language
<b>Revenues</b>									
Other local sources	\$	\$	\$	\$ 2,500	\$	\$	\$	\$	\$
Intermediate sources									
State sources									
Federal sources	1,120,293	342,136	216,637		170,357	65,369	76,821	445,957	110,551
Total revenues	1,120,293	342,136	216,637	2,500	170,357	65,369	76,821	445,957	110,551
<b>Expenditures</b>									
Current									
Instruction	711,107	182,189	138,743		162,423		64,426	361,955	30,706
Support services	395,735	159,336	77,894	8,170	7,934	65,369	10,577	84,002	10,661
Enterprise and community services	13,451	611					1,818		69,184
Capital outlay									
Total expenditures	1,120,293	342,136	216,637	8,170	170,357	65,369	76,821	445,957	110,551
Excess (deficiency) of revenues over (under) expenditures				(5,670)					
Other financing sources (uses)									
Operating transfers in				5,670					
Gain (loss) on sale of capital assets									
Total other financing sources and (uses)				5,670					
Net change in fund balance									
Fund balance - beginning of year									
Fund balance - end of year	\$	\$	\$	\$	\$	\$	\$	\$	\$

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	217 - Elementary Counseling Grant	218 - Indian Demonstration Grant	219 - It's A New Day	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1-C Migrant Education	232 - Onsite Child Care
<b>Revenues</b>								
Other local sources	\$	\$	\$	\$	\$	\$	\$	\$ 46,857
Intermediate sources								
State sources				5,541				8,933
Federal sources	14,820	229,065	65,202		207,475	11,744	91,802	4,621
Total revenues	14,820	229,065	65,202	5,541	207,475	11,744	91,802	60,411
<b>Expenditures</b>								
<b>Current</b>								
Instruction		182,960	7,370	15,024	197,559		43,205	
Support services	14,820	38,612	53,298	582	9,916	11,744	47,941	
Enterprise and community services		7,493	4,534				656	139,789
Facilities acquisition and construction								
Capital outlay								
Total expenditures	14,820	229,065	65,202	15,606	207,475	11,744	91,802	139,789
Excess (deficiency) of revenues over (under) expenditures				(10,065)				(79,378)
<b>Other financing sources (uses)</b>								
Operating transfers in				10,065				22,429
Gain (loss) on sale of capital assets								
Total other financing sources and (uses)				10,065				22,429
Net change in fund balance								(56,949)
Fund balance - beginning of year								60,707
Fund balance - end of year	\$	\$	\$	\$	\$	\$	\$	\$ 3,758

SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUND SUB FUNDS

YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018

	234 - HDESD Grants	235 - ODE State Grants	236 - Measure 98	237 - Outdoor School	242 - Miscellaneous State & Local	249 - School Enrichment Fund	258 -Title VI-B: Rural Education Achievement	260 - Summer Nutrition Program
<b>Revenues</b>								
Other local sources	\$ 9,284	\$	\$	\$	\$ 213,511	\$ 36,562	\$	\$
Intermediate sources		2,295						
State sources	86,464	1,023,802	403,689	32,774				1,073
Federal sources	2,361						24,569	64,647
<b>Total revenues</b>	<b>98,109</b>	<b>1,026,097</b>	<b>403,689</b>	<b>32,774</b>	<b>213,511</b>	<b>36,562</b>	<b>24,569</b>	<b>65,720</b>
<b>Expenditures</b>								
<b>Current</b>								
Instruction	9,284	104,502	344,318	32,774	143,689	41,084	15,824	
Support services	88,825	804,072	59,371		69,822	656	5,434	
Enterprise and community services		71,047					3,311	69,427
Facilities acquisition and construction		44,476						
Capital outlay		2,000						
<b>Total expenditures</b>	<b>98,109</b>	<b>1,026,097</b>	<b>403,689</b>	<b>32,774</b>	<b>213,511</b>	<b>41,740</b>	<b>24,569</b>	<b>69,427</b>
Excess (deficiency) of revenues over (under) expenditures						(5,178)		(3,707)
<b>Other financing sources (uses)</b>								
Operating transfers in								
Gain (loss) on sale of capital assets								
<b>Total other financing sources and (uses)</b>								
<b>Net change in fund balance</b>						(5,178)		(3,707)
Fund balance - beginning of year						57,207		25,482
Fund balance - end of year	\$	\$	\$	\$	\$	\$ 52,029	\$	\$ 21,775

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	261 - Title II-A: Quality	262 - Student Body Funds	265 - Classroom Mini Grants	270- Student After School Meals	280 - Food Services	290 - Donations	Total	
							2019	2018
<b>Revenues</b>								
Other local sources	\$	\$ 366,064	\$ 1,516	\$	\$ 16,218	\$ 11,760	\$ 704,273	\$ 739,431
Intermediate sources							2,295	6,356
State sources					17,851		1,580,127	1,221,062
Federal sources				86,410	1,860,678		5,341,818	5,374,998
	<u>130,302</u>							
Total revenues	<u>130,302</u>	<u>366,064</u>	<u>1,516</u>	<u>86,410</u>	<u>1,894,747</u>	<u>11,760</u>	<u>7,628,513</u>	<u>7,341,847</u>
<b>Expenditures</b>								
<b>Current</b>								
Instruction		383,798	1,516			11,760	3,186,216	3,044,509
Support services	130,302						2,155,072	1,776,628
Enterprise and community services				81,775	2,027,819		2,490,916	2,579,148
Facilities acquisition and construction							44,476	
Capital outlay							2,000	49,662
Total expenditures	<u>130,302</u>	<u>383,798</u>	<u>1,516</u>	<u>81,775</u>	<u>2,027,819</u>	<u>11,760</u>	<u>7,878,680</u>	<u>7,449,947</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(17,734)</u>		<u>4,635</u>	<u>(133,072)</u>		<u>(250,167)</u>	<u>(108,100)</u>
<b>Other financing sources (uses)</b>								
Operating transfers in					61,730		99,894	166,678
Gain on sale of capital assets		8,029					8,029	
Total other financing sources and (uses)		<u>8,029</u>			<u>61,730</u>		<u>107,923</u>	<u>166,678</u>
Net change in fund balance		<u>(9,705)</u>		<u>4,635</u>	<u>(71,342)</u>		<u>(142,244)</u>	<u>58,578</u>
Fund balance - beginning of year		<u>178,544</u>		<u>57,325</u>	<u>71,342</u>	<u>2,629</u>	<u>453,236</u>	<u>394,659</u>
Fund balance - end of year	<u>\$</u>	<u>\$ 168,839</u>	<u>\$</u>	<u>\$ 61,960</u>	<u>\$</u>	<u>\$ 2,629</u>	<u>310,992</u>	<u>453,236</u>

**SCHOOL DISTRICT NO.509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES**  
**DEBT SERVICE FUND SUB FUNDS**

**JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2019	2018
<u>ASSETS</u>				
Cash and investments	\$ 23,201	\$ 366	\$ 23,567	\$ 19,638
Receivables				
Property taxes		148,421	148,421	121,582
Total assets	<u>\$ 23,201</u>	<u>\$ 148,787</u>	<u>\$ 171,988</u>	<u>\$ 141,220</u>
<u>DEFERRED INFLOWS</u>				
Unavailable property taxes		134,571	134,571	110,485
Total deferred inflows		<u>134,571</u>	<u>134,571</u>	<u>110,485</u>
<u>FUND BALANCES</u>				
Restricted for:				
Debt service	23,201	14,216	37,417	30,735
Total fund balances	<u>23,201</u>	<u>14,216</u>	<u>37,417</u>	<u>30,735</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,201</u>	<u>\$ 148,787</u>	<u>\$ 171,988</u>	<u>\$ 141,220</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND SUB FUNDS**

**YEAR ENDED JUNE 30, 2019 AND SUMMARIZED INFORMATION FOR JUNE 30, 2018**

	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2019	2018
<u>Revenues</u>				
Property taxes	\$	\$ 2,739,185	\$ 2,739,185	\$ 2,493,078
Interest	15,895	24,673	40,568	25,420
Total revenues	<u>15,895</u>	<u>2,763,858</u>	<u>2,779,753</u>	<u>2,518,498</u>
<u>Expenditures</u>				
Principal	262,345	1,435,000	1,697,345	1,585,195
Interest	935,167	1,328,555	2,263,723	2,263,926
Total expenditures	<u>1,197,512</u>	<u>2,763,555</u>	<u>3,961,068</u>	<u>3,849,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,181,617)</u>	<u>303</u>	<u>(1,181,315)</u>	<u>(1,330,623)</u>
Other financing sources (uses)				
Operating transfers in	<u>1,187,997</u>		<u>1,187,997</u>	<u>1,142,565</u>
Total other financing sources and (uses)	<u>1,187,997</u>		<u>1,187,997</u>	<u>1,142,565</u>
Net change in fund balance	6,380	303	6,682	(188,058)
Fund balance - beginning of year	<u>16,821</u>	<u>13,914</u>	<u>30,735</u>	<u>218,793</u>
Fund balance - end of year	<u>\$ 23,201</u>	<u>\$ 14,216</u>	<u>\$ 37,417</u>	<u>\$ 30,735</u>



**OTHER FINANCIAL SCHEDULES**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SCHEDULE OF FUTURE MATURITIES - BOND AND BOND INTEREST**

**JUNE 30, 2019**

Year of Maturity	Total	Issue Date October 31, 2002		Issue Date January 31, 2012		Issue Date May 23, 2013		Issue Date July 23, 2013	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	\$ 4,082,164	\$ 266,351	\$ 972,156	\$	\$ 24,200	\$ 1,475,000	\$ 779,519	\$ 80,000	\$ 484,938
2020-21	4,244,963.50		468,507	880,000	24,200	1,580,000	720,519	90,000	481,738
2021-22	4,343,963.50	945,000	468,507			1,690,000	657,319	105,000	478,138
2022-23	3,984,777.50	1,065,000	416,721			815,000	584,119	630,000	473,938
2023-24	4,098,507.00	1,195,000	358,252			875,000	551,518	670,000	448,737
2024-25	4,229,937.00	1,340,000	291,930			945,000	507,769	730,000	415,238
2025-26	4,356,816.00	1,490,000	217,560			1,025,000	460,519	785,000	378,737
2026-27	4,493,622.00	1,655,000	134,865			1,105,000	409,269	850,000	339,488
2027-28	3,571,119.00	775,000	43,013			1,170,000	376,119	910,000	296,987
2028-29	2,810,807.00					1,255,000	329,319	975,000	251,488
2029-30	2,867,837.00					1,315,000	290,100	1,060,000	202,737
2030-31	2,922,238.00					1,410,000	227,500	1,135,000	149,738
2031-32	2,984,918.00					1,515,000	157,000	1,210,000	102,918
2032-33	3,044,256.00					1,625,000	81,250	1,285,000	53,006
	<u>\$ 52,035,925</u>	<u>\$ 8,731,351</u>	<u>\$ 3,371,511</u>	<u>\$ 880,000</u>	<u>\$ 48,400</u>	<u>\$ 17,800,000</u>	<u>\$ 6,131,839</u>	<u>\$ 10,515,000</u>	<u>\$ 4,557,824</u>

**SUPPLEMENTARY INFORMATION REQUIRED  
BY OREGON DEPARTMENT OF EDUCATION**

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SUPPLEMENTAL INFORMATION FOR DEPARTMENT OF EDUCATION**

**YEAR ENDED JUNE 30, 2019**

Item A	Energy bills for heating		Objects 325,
	All Funds	<u>Function</u>	<u>326 &amp; 327</u>
		2540	\$ 696,189
		2550	\$ 9,999
Item B	Replacement of Equipment - General Fund In object 542 except for excluded functions		

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**REVENUE SUMMARY**

**YEAR ENDED JUNE 30, 2019**

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>	<u>Total</u>
<b><u>Local Sources</u></b>				
1110 Ad Valorem Taxes Levied By District	\$ 4,449,570	\$	2,739,185	\$ 7,188,755
1300 Tuition	35,184			35,184
1415 Transportation Fees from Within District	39,230			39,230
1500 Earnings on Investments	512,348		40,568	552,916
1600 Food Service		13,744		13,744
1700 Extra-Curricular Activities	17,353			17,353
1800 Childcare		46,857		46,857
1910 Rentals	62,320			62,320
1920 Contributions and Donations		229,287		229,287
1980 Federal Indirect Cost	189,196			189,196
1990 Miscellaneous	1,516,148	414,384		1,930,533
<b>Total Revenue from Local Sources</b>	<b>6,821,350</b>	<b>704,273</b>	<b>2,779,753</b>	<b>10,305,376</b>
<b><u>Intermediate Sources</u></b>				
2101 County School Funds	103,656			103,656
2200 Restricted Revenue	75,570	2,295		77,865
<b>Total Revenue from Intermediate Sources</b>	<b>179,226</b>	<b>2,295</b>		<b>181,520</b>
<b><u>State Sources</u></b>				
3101 State School Fund-General Support	27,276,814	17,851		27,294,665
3103 Common School Fund	264,331			264,331
3200 Restricted Grants-In-Aid		1,562,276		1,562,276
<b>Total Revenue from State Sources</b>	<b>27,541,144</b>	<b>1,580,128</b>		<b>29,121,272</b>
<b><u>Federal Sources</u></b>				
1414 Foster Care Transportation	5,171			5,171
4300 Restricted Revenue Direct From Federal	29,496	696,082		725,578
4500 Restricted Revenue Through the State		4,464,631		4,464,631
4700 Grants-In-Aid From the Federal		27,361		27,361
4801 Federal Forest Fees				
4802 Impact Aid to School Districts	3,255,142			3,255,142
4900 Revenue for/on Behalf of the District	10,870	153,744		164,614
<b>Total Revenue from Federal Sources</b>	<b>3,300,679</b>	<b>5,341,818</b>		<b>8,642,497</b>
<b><u>Other Sources</u></b>				
5100 Long Term Debt Financing Sources				
5120 Premiums on Sale of Bonds				
5200 Interfund Transfers	1,717,257	99,894	1,187,997	3,005,148
5300 Sale of Fixed Assets	43,971	8,029		52,000
5400 Resources - Beginning Fund Balance	13,648,648	453,236	30,735	14,132,619
<b>Total Revenue from Other Sources</b>	<b>15,409,875</b>	<b>561,159</b>	<b>1,218,731</b>	<b>17,189,765</b>
<b>Grand Totals</b>	<b>\$ 53,252,275</b>	<b>\$ 8,189,672</b>	<b>\$ 3,998,484</b>	<b>\$ 65,440,431</b>

**SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon**

**GENERAL FUND (100)  
EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2019**

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<b><u>Instruction</u></b>								
1111 Primary Education	\$ 7,089,327	\$ 4,411,361	\$ 2,463,359	\$ 84,193	\$ 130,415	\$	\$	\$
1121 Middle/Junior High Programs	2,815,917	1,715,997	955,924	21,266	114,716		8,014	
1122 Middle/Junior High School Extracurricular	165,866	101,453	38,351	13,471	11,588		1,003	
1131 High School Programs	3,034,377	1,882,080	1,014,389	42,791	93,862		1,255	
1132 High School Extra-curricular	539,150	326,432	114,182	70,694	19,954		7,889	
1210 Programs for the Talented and Gifted	61,297	37,385	22,329	1,583				
1220 Programs for the Students with Mental Disabilities	1,486,322	899,634	580,204		6,484			
1221 Programs for the Students with Mental Disabilities								
1223 Community Transition Center	196,926	106,287	49,316	1,661			39,663	
1227 Extended school year instruction	26,697	19,986	6,574		137			
1229 Behavioral Program	635,355	425,243	209,055		1,056			
1250 Less Restrictive Programs fro Students with Disabilities	1,637,127	1,055,755	575,753	147	5,473			
1283 District Alternative Education	593,451	306,462	191,853	71,466	21,246		2,424	
1291 English Second Language Programs	1,214,623	772,705	439,639		2,279			
1460 Special Programs, Summer School								
1296 Indian Education								
<b>Total Instruction</b>	<b>19,496,435</b>	<b>12,060,781</b>	<b>6,660,928</b>	<b>307,270</b>	<b>407,209</b>		<b>60,247</b>	
<b><u>Support Services</u></b>								
2112 Attendance Services	66,145	38,598	27,547					
2114 Student Accounting Services	222,417	135,490	85,498		1,428			
2115 Student Safety	103,691			103,691				
2122 Counseling Services	877,301	559,030	307,735	101	1,440	8,995		
2130 Health Services	184,696	95,760	54,274	1,508	32,896		259	
2150 Speech Pathology and Audiology Services	58,192	30,613	27,578					
2160 Other Student Treatment Services	74,509			74,509				
2190 Service Direction: Student Support Services	257,730	137,457	75,784	41,779	1,656		1,055	
2211 Service Area Direction	362,076	224,560	125,006	181	6,525		5,804	
2213 Curriculum Development	1,647	645	202		800			
2220 Educational Media Services	396,976	214,395	155,597		26,866		119	
2230 Assessment and Testing	74,984	61,728	8,804		4,452			
2240 Instructional Staff Development	85,906	19,335	48,567	4,925	13,079			
2244 Administrative Staff Development	27,010		27,010					
2310 Board of Education Services	158,254			146,758	3,527		7,968	
2321 Office of Superintendent Services	438,160	282,225	129,282	20,262	5,250		1,140	
2329 Other Executive Administrative Services	30,504			26,716	3,788			
2410 Office of the Principal Services	2,625,453	1,600,503	858,368	58,776	98,586		9,220	
2520 Fiscal Services	645,757	331,538	209,432	61,315	36,997		6,475	
2528 Risk Management Services	75,572						75,572	
2542 Care and Upkeep of Buildings Services	2,729,695	1,032,346	672,635	773,834	112,849		138,030	
2543 Care and Upkeep of Grounds Services	80,158	31,850	11,826	14,241	22,242			
2544 Maintenance	1,113,855	470,161	293,587	77,222	194,365	71,106	7,413	

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**GENERAL FUND (100)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2019**

	<b>Total</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2546 Security Services	5,751			5,751				
2552 Student Transportation Services	2,474,006	1,003,585	770,503	49,623	304,116	314,302	31,877	
2572 Purchasing Services	28,633	16,281	10,618		1,733			
2573 Warehousing and Distributing Services	24,780	13,663	11,117					
2574 Printing, Purchasing and Duplicating Services	310				310			
2623 Evaluation Services								
2626 Grant Writing Services	9,456			9,456				
2633 Public Information Services	27,867			27,836	31			
2640 Personnel Services	509,534	299,931	138,829	22,311	46,663		1,800	
2642 Recruitment and Placement Services	11,883			4,235	1,638		6,010	
2645 Health Services	13,031	1,500	552	7,021	3,959			
2660 Technology Services	473,919	108,012	64,567	8,281	231,421	61,637		
2669 Other Technology Services	139,843			139,843				
2680 Interpretation and Translatio Services	4,437			4,437				
2700 Supplemental Retirement Program	65,113	58,458	6,655					
<b>Total Support Services</b>	<u>14,479,250</u>	<u>6,767,663</u>	<u>4,121,572</u>	<u>1,684,615</u>	<u>1,156,618</u>	<u>456,040</u>	<u>292,741</u>	
<b><u>Enterprise and Community Services</u></b>								
3100 Food Services	4,962				4,962			
3320 Community Recreation Services	30,000			30,000				
3330 Civic Services	387			367	20			
3390 Other Community Services	77,515	40,583	33,971	2,140	822			
<b>Total Enterprise and Community Services</b>	<u>112,864</u>	<u>40,583</u>	<u>33,971</u>	<u>32,507</u>	<u>842</u>			
<b><u>Building Acquisition and Construction</u></b>								
4150 Building Acquisition-Major Add-on	36,184					36,184		
<b>Total Building Acquisition and Construction Services</b>	<u>36,184</u>					<u>36,184</u>		
<b><u>Other Uses</u></b>								
5200 Transfer of Funds	3,005,149							3,005,149
<b>Total Other Uses</b>	<u>3,005,149</u>							<u>3,005,149</u>
<b>Grand Totals</b>	<u>\$ 37,129,881</u>	<u>\$ 18,869,027</u>	<u>\$ 10,816,471</u>	<u>\$ 2,024,391</u>	<u>\$ 1,564,669</u>	<u>\$ 492,224</u>	<u>\$ 352,988</u>	<u>\$ 3,005,149</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SPECIAL REVENUE FUNDS (200)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2019**

<u>Instruction</u>	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
1111 Primary (K-3)	\$ 47,286	\$	\$	\$	\$ 47,286	\$	\$	\$
1113 Elementary Extra-curricular	4,546	3,400	1,146					
1121 Middle/Junior High Programs	63,387	88	30	62,524	745			
1122 Middle/Junior High School Extracurricular	24,904	3,330	1,127		20,261			
1131 High School Programs	410,248	221,058	114,630	4,836	59,094	2,000	8,630	186
1132 High School Extra-curricular	381,958	3,730	1,237	12,967	362,774		1,250	
1220 Programs for the Students with Mental Disabilities	169,431	85,653	83,778					
1221 Programs for the Students with Mental Disabilities	9,284	8,017	1,267					
1223 Community Transition Center	209,559	67,226	45,375	96,253	704			
1229 Behavioral Program	82,532	41,944	40,588					
1250 Less Restrictive Programs for Students with Disabilities	16,861	13,761	3,100					
1260 Treatment and Rehabilitation	81,130			81,130				
1272 Title I-A Grants to LEAs	1,058,787	663,164	332,643	247	62,734			
1283 District Alternative Education	339				339			
1291 English Second Language Programs								
1296 Indian Education	466,516	147,870	68,038	240,521	10,086			
1420 Middle/Junior High Summer School	30,876	13,827	4,353		12,696			
1460 Special Programs Summer School	130,572	99,692	30,656		224			
<b>Total Instruction</b>	<u>3,188,216</u>	<u>1,372,760</u>	<u>727,969</u>	<u>498,479</u>	<u>576,943</u>	<u>2,000</u>	<u>10,066</u>	
<b>Support Services</b>								
2112 Attendance Services	68,545	49,058	19,487					
2115 Student Safety and Security								
2119 Other Attendance and Social Work Services	81,053	29,800	8,807	2,952	39,495			
2122 Counselor Services	135,853	80,077	46,868	3,120	5,788			
2130 Health Services	5,069			5,069				
2160 Other Student Treatment Services	60,018			60,018				
2190 Program Direction Student Support								
2210 Improvement of Instruction Services								
2211 Service Area Direction	972,897	581,126	299,266	2,669	89,836			
2213 Office of Instructional Services								
2219 Other Improvement of Instruction								
2220 Education Media Services								
2240 Instructional Staff Development	589,323	83,790	32,255	448,869	24,409			
2321 Board of Education Services	785			785				
2410 Office of the Principal Services	679				679			
2520 Fiscal Services								
2542 Care and Upkeep of Building Services	8,485	7,833	652					
2544 Maintenance	19,500			19,500				
2552 Student Transportation Services	23,068			23,068				
2623 Evaluation Services	601				601			
2690 Other Support Services	189,196						189,196	
<b>Total Support Services</b>	<u>2,155,072</u>	<u>831,684</u>	<u>407,334</u>	<u>566,050</u>	<u>160,809</u>		<u>189,196</u>	



**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**SPECIAL REVENUE FUNDS (200)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2019**

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<b><u>Enterprise and Community Services</u></b>								
3100 Food Services	2,179,020	630,555	511,768	25,419	1,009,105		2,173	
3330 Civil Services	166,428	82,453	59,325	1,575	23,075			
3390 Other Community Services	5,677	3,162	853	475	1,187			
3501 Child Care Provider Services	139,790	83,809	54,426		1,554			
<b>Total Enterprise and Community Services</b>	<u>2,490,916</u>	<u>799,979</u>	<u>626,371</u>	<u>27,469</u>	<u>1,034,922</u>		<u>2,173</u>	
<b><u>Building Acquisition and Construction</u></b>								
4150 Building Acquisition-Major Add-on	44,476					44,476		
<b>Total Building Acquisition and Construction Services</b>	<u>44,476</u>					<u>44,476</u>		
<b>Grand Totals</b>	<u>\$ 7,878,680</u>	<u>\$ 3,004,423</u>	<u>\$ 1,761,673</u>	<u>\$ 1,091,997</u>	<u>\$ 1,772,675</u>	<u>\$ 46,476</u>	<u>\$ 201,435</u>	<u>\$</u>

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**DEBT SERVICE FUND (300)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2019**

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<b><u>Other Uses</u></b>								
5110 Debt Service	\$ 3,961,068	\$	\$	\$	\$	\$	\$ 3,961,068	\$
<b>Other Uses</b>	<u>3,961,068</u>						<u>3,961,068</u>	
<b>Grand Totals</b>	<u><u>\$ 3,961,068</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 3,961,068</u></u>	<u><u>\$</u></u>

**AUDITORS' COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**



**INDEPENDENT AUDITORS' REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
School District 509J  
Jefferson County, Oregon

We have audited the basic financial statements of the School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated October 10, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 162-10-000 through 162-10-320 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (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 Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

#### **OAR 162-10-0230 Internal Control**

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

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

*Brenda Bartlett*

Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 10, 2019

**SINGLE AUDIT COMPLIANCE**



**INDEPENDENT AUDITORS' 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  
School District No. 509J  
Jefferson County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2019.

**Internal Control over Financial Reporting**

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

**INDEPENDENT AUDITORS' 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* - continued**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 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 is 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.

*Brenda Bartlett*

Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 10, 2019





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

Board of Directors  
School District No. 509J  
Jefferson County, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited School District No. 509J, Jefferson County, Oregon (the District's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
- continued**

**Report on Internal Control over Compliance**

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

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

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

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



Brenda Bartlett, CPA  
SGA Certified Public Accountants and Consultants, LLP  
Bend, Oregon

October 10, 2019

**SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2019**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA No(s).</u>	<u>Name of Federal Program or Cluster</u>
10.553,10.555,10.559	Child Nutrition Cluster
84.287	21 <sup>st</sup> Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

**Section II – Financial Statement Findings**

None reported.

**SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**

**YEAR ENDED JUNE 30, 2019**

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Award Findings and Questioned Costs**

None reported.

**JEFFERSON COUNTY SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Entity Number	Federal Expenditures	District Fund	Passed Through to Subrecipients
<b><u>DEPARTMENT OF AGRICULTURE</u></b>					
<b>Passed through Oregon Department of Education:</b>					
School Breakfast Program	10.553	(1)	\$ 520,762	280	
National School Lunch Program	10.555	(1)	1,186,695	280	
National School Lunch - Commodities (Non-Cash Assistance)	10.555	(1)	148,535	280	
Summer Food Service Program for Children	10.559	(1)	64,124	260	
Summer Food Service Program for Children - Commodities (Non-Cash Assistance)	10.559	(1)	502	260	
Total National School Lunch Program Cluster			<u>1,920,618</u>		
Child and Adult Care Food Program	10.558		86,409	270	
USDA SAE Reallocation	10.560		4,707	260,280	
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>2,011,734</u>		
<b><u>DEPARTMENT OF DEFENSE</u></b>					
Junior Reserve Officers' Training Corps	12.11JROTC		29,496	100	
<b>TOTAL DEPARTMENT OF DEFENSE</b>			<u>29,496</u>		
<b><u>DEPARTMENT OF EDUCATION</u></b>					
Impact Aid	84.041		3,255,142	100	
Indian Education Grants to Local Education Agencies	84.060		216,637	205	
Indian Demonstration Grant	84.299A		229,065	218	
It Is A New Day (Ishumax Kadux) Program			65,202	219	
Native American Language Grant	84.365C		170,357	207	
Elementary Counseling Grant	84.215E		14,820	217	
<b>Passed through State Department of Education</b>					
Title I Grants to Local Education Agencies	84.010	45615	111,947	203	
		50409	1,008,346	203	
District Improvement Grants		51419	58,021	211	
		49021	7,348	211	
Title I-A School Improvement Grants		46141	15,617	212	
		46861	61,203	212	
Total Title I Grants to Local Agencies			<u>1,262,482</u>		
Special Education - Grants to States	84.027	45193	76,442	213	
		49895	353,932	213	
		46454	396	213	
		49145	195	213	
		49534	3,629	213	
		51282	734	213	
		52253	555	213	
Special Education - Preschool Grant	84.173	45415	10,075	213	
Total Special Education Grants to States Cluster			<u>445,958</u>		

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**JEFFERSON COUNTY SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures	District Fund	Passed Through to Subrecipients
<b>Passed through State Department of Education (continued)</b>					
Title VI Rural Education	84.358	50871 47614	14,807 <u>9,763</u> 24,570	258 258	
Title III English Language Acquisition Grant	84.365	50254 41768 44223	71,551 30,793 <u>8,207</u> 110,551	216 216 216	
Title II-A Improving Teacher Quality State Grants	84.367	41334 49327	18,472 <u>111,830</u> 130,302	261 261	
Student Support and Academic Enrichment	84.424	47743 50743	11,834 58,968	227 227	
21st Century Community Learning Centers	84.287	46068 (1)	338,136	204	
<b>Passed through education service districts</b>					
Education of Migratory Children	84.011		21,000 4,000	227 204	
Perkins	84.048		2,361	100	
McKinney-Vento Homeless Assistance Act	84.196		<u>11,744</u>	226	
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>6,373,129</u>		
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
<b>Passed through Oregon Employment Department</b>					
Child Care and Development Grant Discretionary	93.575		4,622	232	
<b>Passed through Oregon Children, Adults and Families</b>					
Social Services Block Grant	93.667	154914	207,476	223	84,007
Foster Care Transportation	93.658	47435	<u>5,171</u>	100	<u>84,007</u>
<b>TOTAL DEPT OF HEALTH AND HUMAN SERVICES</b>			<u>217,269</u>		<u>84,007</u>
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>					
Passed through Oregon Employment Department (Non-Cash Assistance)	39.003		<u>10,870</u>	109	
<b>TOTAL GENERAL SERVICES ADMINISTRATION</b>			<u>10,870</u>		
<b>TOTALS</b>			<u>\$ 8,642,497</u>		<u>\$ 84,007</u>

Passed through to Heart of Oregon - \$49,925 and Culver \$34,082

(1) Audited as a major program

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**SCHOOL DISTRICT NO. 509J**  
**Jefferson County, Oregon**

**NOTES TO THE SCHEDULE OF**  
**EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2019**

**NOTE 1 – BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the District's financial statements. The District uses the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program.

**NOTE 2 – FEDERAL INDIRECT COST RATE**

The District elected not to use the 10% de minimus indirect cost rate, but rather uses a rate approved by the Oregon Department of Education each year. For fiscal year 18-19, the rate was 4.51%.

**NOTE 3 – SCHOOLWIDE PROGRAMS**

The District operates a schoolwide program in all of its elementary and middle school buildings. Using federal funding, a schoolwide program is designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide program: Title IA (84.010), \$1,185,662.

**NOTE 4 – NON-CASH ASSISTANCE**

The value of commodities reported on the schedule was the fair value of commodities received by the District in its National School Lunch Program as calculated by the USDA.