



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

We have audited the financial statements of the governmental activities and each major fund of Jefferson County School District No 509J (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the depreciable lives for capital assets is based on a subjective analysis of the remaining usefulness and future planned replacements and retirements of capital assets. We evaluated the key factors and assumptions used to develop management's estimates of depreciable lives in determining that it is reasonable in relation to the financial statements taken as a whole.
- The estimates used for determining the liabilities for the implicit rate subsidy for insurance of retirees and the PERS Retiree Health Insurance Plan as required by Government Accounting Standards Board (GASB) Statement No. 75, were determined using actuarial studies. We evaluated the key assumptions and determined they were reasonable in relation to the financial statements taken as a whole.
- The estimate of net pension asset, deferred inflows and outflows, and pension income were obtained from audited financial schedules provided by Oregon Public Employees Retirement System. The opinion on the audited schedules was unmodified.

- The accrual of the estimated State School Fund May 2021 adjustment was based on known and projected factors as of year-end, such as adjustments to local revenue received and transportation grant spending, that are anticipated to impact the funds received in the May adjustment.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We identified no misstatements that required correction.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 3, 2020.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SCHOOL OFFICIALS

JUNE 30, 2020

Board Chair

Jamie Hurd
Madras, Oregon

Board Members

Laurie Danzuka
Vice Chair
Warm Springs, Oregon

Courtney Snead
Madras, Oregon

Board Members

Kevin Richards
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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Jefferson County, Oregon

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year summarized information has been derived from the District's financial statements and, in our report dated October 10, 2019, 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, 2020, 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 relates 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 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.

Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2020 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.

Reporting required by Oregon Minimum Standards for Audits

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 3, 2020, 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 3, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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, 2020. 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, 2020 by \$3,096,902. Of this amount, \$14,228,268 represents the District's investment in capital assets net of debt service, \$40,113 is restricted for debt service, and \$2,629 is restricted with donor requirements leaving a deficit of \$17,367,912 in unrestricted net position. The deficit net position is generally the result of the District's share of the Oregon PERS system's unfunded actuarial pension obligation of \$33,275,922.
- The District's total net position decreased by \$1,124,784 from prior year ended June 30, 2019. Much of this decrease was related to the increase in the District's share of the PERS pension obligation of \$3,019,921.
- The District's governmental funds reported combined ending fund balance of \$17,161,925 of which \$6,118,984 is unassigned and available for spending at the District's discretion (page 14). The increase of \$691,120 from the prior year was related to overall increases in revenue in the state school fund, federal grants and property tax collections.
- At the end of the fiscal year, unassigned fund balance for the general fund on a budget basis was \$6,125,463 or about 16% of total general fund expenditures and transfers (page 14, 16).
- The District participated in the Oregon PERS incentive fund with a payment of \$1,000,000, which provided matching funds to a side account in the amount of \$250,000. The side account will be used to partially offset future payments due to the PERS system.

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.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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

The Statement of Net Position. The statement of net position presents information on all of the assets 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, 2020

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 43 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
- Capital Project Fund – used to account for significant capital project activity of the District.

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, 2020

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,	
	2020	2019
Assets		
Current and other assets	\$ 22,250,869	\$ 20,824,718
Capital assets (net)	44,117,866	44,928,075
Total assets	66,368,735	65,752,793
Deferred Outflows	12,290,803	11,556,151
Liabilities		
Other liabilities	7,587,611	5,500,850
Long-term liabilities	70,262,667	70,227,968
Total liabilities	77,850,278	75,728,818
Deferred Inflows	3,906,163	3,552,244
Net Position		
Investment in capital assets, net of related debt	14,228,268	14,235,225
Restricted	42,742	91,307
Unrestricted	(17,367,912)	(16,298,650)
Total net position	\$ (3,096,902)	\$ (1,972,118)

Capital assets, which consist of the District's land, buildings, building improvement, vehicles, and equipment, represent 66.5% of total assets. The remaining assets consist primarily of cash, investments, receivables and other assets.

The District's largest liabilities (50.4%) are for repayment of general obligation bonds and pension bonds and PERS liability (42.7%).

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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	
	2020	2019
REVENUES		
Program revenues		
Charges for services	\$ 948,765	\$ 957,223
Operating grants and contributions	7,647,804	7,256,781
Total program revenues	8,596,569	8,214,004
General revenues		
Property taxes levied for general purposes	4,685,199	4,473,657
Property taxes levied for debt service	2,794,519	2,771,321
County School Fund	138,043	103,656
State school fund general support	28,644,516	27,442,259
Common school fund	230,300	264,331
Unrestricted federal sources	3,045,327	2,980,716
Sale of capital assets		9,030
Earnings on investments	523,143	552,916
Miscellaneous	192,610	189,196
Total general revenues	40,253,657	38,787,082
Total revenues	\$ 48,850,226	\$ 47,001,086
EXPENSES		
Instruction	\$ 26,934,676	\$ 25,413,758
Support services	18,185,725	16,718,896
Community services	2,691,448	2,666,295
Bond Issuance Cost	229,048	
Lump Sum Payment to PERS	1,000,000	
Interest on long-term debt	934,113	1,649,757
Total expenses	49,975,010	46,448,706
Change in net assets	(1,124,784)	552,380
Net position - beginning	(1,972,118)	(2,524,498)
Net position - ending	\$ (3,096,902)	\$ (1,972,118)

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As noted above, the District uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

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, 2020 the District’s governmental funds reported combined ending fund balances of \$17,161,924. Approximately \$6,118,984 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 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
General Fund	\$ 16,698,171	\$ 16,122,396	\$ 575,775
Special Revenue Funds	423,641	310,992	112,649
Debt Service Fund	40,113	37,417	2,696
	<u>\$ 17,161,924</u>	<u>\$ 16,470,805</u>	<u>\$ 691,120</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The School Board approved changes to the adopted budget for fiscal year ended June 30, 2020. 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 \$3,108,258 of which \$2,442,259 is for instruction, \$334,243 is for support and community services and \$154,756 is for building acquisition and construction (page 57).

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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 \$810,209. The decrease is attributed to depreciation expense. The summary of net investment in capital assets is as follows:

	Net Value	
	2020	2019
Land	\$ 2,604,701	\$ 2,604,701
Construction in progress	839,260	85,943
Buildings and improvements	38,490,903	40,196,755
Vehicles and equipment	2,183,002	2,040,676
Total capital assets	<u>\$ 44,117,866</u>	<u>\$ 44,928,075</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 \$70,262,667 in long-term liabilities, consisting of \$35,600,545 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 \$33,275,922, compensated absences and early retirement benefits of \$168,872 and post-employment benefits of \$1,217,328.

On March 10, 2020 the District issued federally taxable general obligation refunding bonds of \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a true interest cost of 2.09% and an average coupon rate of 1.97%. The net proceeds were used to purchase U.S. Government securities which will be used to provide for future debt service payments of the May 23, 2013 and July 23, 2013 general obligation bonds. The refunding reduced total debt service by \$2,176,396.

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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, 2020 the State School Fund provided 57.3% of the revenue for the governmental funds and 72.7% of the funding for the general fund.
- Salaries and benefits costs are expected to increase in fiscal year 2020-2021 based on contractual obligations.
- The District's enrollment is expected to remain flat for fiscal year 2020-2021.
- The District received the following significant grants in fiscal year 2019-2020:
 - A three-year grant from the Department of Education for Innovative Approaches to Literacy. The grant will provide \$2,243,702 in funding through 2022-2023.

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 2020-2021 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,

	2020	2019
ASSETS		
Cash and investments	\$ 19,387,594	\$ 18,498,460
Receivables	2,053,755	1,727,723
Inventory	169,614	32,474
Prepaid expense	305,818	370,029
Capital assets, net of accumulated depreciation		
Land	2,604,701	2,604,701
Construction in progress	839,260	85,943
Buildings and improvements	38,490,903	40,196,755
Vehicles and equipment	2,183,002	2,040,676
Other postemployment benefit obligation - RHIA	334,088	196,032
TOTAL ASSETS	66,368,735	65,752,793
DEFERRED OUTFLOWS		
Debt refunding proceeds	1,380,409	
Pension related	10,857,853	11,429,113
Benefit payments made after measurement date	52,541	127,038
TOTAL DEFERRED OUTFLOWS	12,290,803	11,556,151
LIABILITIES		
Accounts payable	299,775	432,139
Accrued salaries and benefits	3,514,882	2,436,582
Accrued interest payable	26,926	513,192
Deposits	3,250	1,125
Noncurrent liabilities due within one year		
State school fund overpayment	111,704	
Early retirement benefits payable	29,969	45,356
Bonds payable	3,601,105	2,072,456
Noncurrent liabilities due within more than one year		
Early retirement benefits payable	75,447	96,039
Accrued compensated absences payable	93,425	88,197
Other postemployment benefit obligation - implicit rate subsidy	1,217,328	1,618,036
Bonds payable, net of unamortized premium/discount	35,600,545	38,169,695
Net pension liability	33,275,922	30,256,001
TOTAL LIABILITIES	77,850,278	75,728,818
DEFERRED INFLOWS		
Debt refunding proceeds	3,096	6,191
Pension related	3,144,104	3,040,631
Other postemployment benefit obligation - implicit rate subsidy	536,618	103,858
Other postemployment benefit obligation - RHIA	63,898	54,732
Unearned revenue	158,447	346,832
TOTAL DEFERRED INFLOWS	3,906,163	3,552,244
NET POSITION		
Net investment in capital assets	14,228,268	14,235,225
Restricted for:		
Debt service	40,113	37,417
Federal and state grants	2,629	53,890
Unrestricted	(17,367,912)	(16,298,650)
TOTAL NET POSITION	\$ (3,096,902)	\$ (1,972,118)

See notes to financial statements

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30,

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2020	2019
Governmental activities:						
Instruction						
Regular programs	\$ 17,921,697	\$ 403,976	\$ 618,550	\$ 292,743	\$ (16,606,428)	\$ (15,936,514)
Special programs	8,910,798	3,311	2,422,745		(6,484,742)	(6,146,123)
Summer school programs	102,181		96,400		(5,781)	(5,788)
Total direct classroom services	26,934,676	407,287	3,137,695	292,743	(23,096,951)	(22,088,425)
Support Services						
Student support services	2,487,742	119,456	420,768		(1,947,518)	(1,084,289)
Instructional staff support	2,753,414		1,343,809		(1,409,605)	(905,361)
General administration	694,852		293		(694,559)	(654,421)
School administration	3,042,075		14,572		(3,027,503)	(2,733,541)
Business support services	7,678,329	300,350	143,013		(7,234,966)	(6,929,412)
Central activities	1,509,567	76,812	192,731		(1,240,024)	(1,032,464)
Supplemental retirement program	19,746				(19,746)	(36,013)
Total support services	18,185,725	496,618	2,115,186		(15,573,921)	(14,095,501)
Enterprise and Community Services						
Food service	2,285,144	11,462	1,905,622		(368,060)	(198,604)
Community services	333,415		196,558		(136,857)	(116,560)
Children and family services	72,889	33,398			(39,491)	(85,855)
Total enterprise and community services	2,691,448	44,860	2,102,180		(544,408)	(401,019)
Bond Issuance Costs						
Lump Sum Payment to PERS	229,048				(229,048)	
Interest on long-term debt	1,000,000				(1,000,000)	
	934,113				(934,113)	(1,649,757)
Total governmental activities	\$ 49,975,010	\$ 948,765	\$ 7,355,061	\$ 292,743	\$ (41,378,441)	\$ (38,234,702)
General revenues:						
Property taxes levied for general purposes					4,685,199	4,473,657
Property taxes levied for debt service					2,794,519	2,771,321
County school fund					138,043	103,656
State school fund - general support					28,644,516	27,442,259
Common school fund					230,300	264,331
Impact Aid					3,045,327	2,980,716
Gain on sale of capital assets						9,030
Earnings on investments					523,143	552,916
Miscellaneous					192,610	189,196
Total general revenues					40,253,657	38,787,082
CHANGE IN NET POSITION					(1,124,784)	552,380
Net Position - beginning					(1,972,118)	(2,524,498)
Net Position - ending					\$ (3,096,902)	\$ (1,972,118)

See notes to financial statements

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

<u>ASSETS</u>	General	Special Revenues	Debt Service	Capital	Totals	
					2020	2019
Cash and investments	\$ 18,809,479	\$ 557,211	\$ 20,906	\$	\$ 19,387,594	\$ 18,498,460
Receivables						
Property taxes	258,206		154,511		412,718	395,734
Other	307,061				307,061	493,301
Reimbursement claims		1,318,665		15,309	1,333,977	838,689
Due from other funds	814,227				814,227	190,346
Inventory		169,614			169,614	32,474
Total assets	\$ 20,188,973	\$ 2,045,490	\$ 175,417	\$ 15,309	\$ 22,425,190	\$ 20,449,004
<u>LIABILITIES</u>						
Liabilities						
Accounts payable	\$ 166,805	\$ 129,771	\$	\$ 3,199	\$ 299,775	\$ 432,139
Accrued payroll liability	2,980,096	534,784			3,514,881	2,436,582
State school fund overpayment	111,704				111,704	
Deposits	3,250				3,250	1,125
Due to other funds		802,117		12,110	814,227	190,346
Total liabilities	3,261,855	1,466,672		15,309	4,743,837	3,060,192
<u>DEFERRED INFLOWS</u>						
Unavailable property taxes	225,677		135,304		360,981	358,631
Unearned revenue	3,270	155,177			158,447	559,377
Total deferred inflows	228,947	155,177	135,304		519,428	918,008
<u>FUND BALANCES</u>						
Fund balances						
Nonspendable:						
Inventory		169,614			169,614	32,474
Restricted for:						
Debt service			40,113		40,113	37,417
Federal programs						51,261
State and local grants and donations		2,629			2,629	2,629
Committed to:						
Bus replacement	1,699,964				1,699,964	1,574,250
Classroom furniture replacement	43,882				43,882	14,712
Equipment replacement	555,444				555,444	556,048
Employee wellness	16,613				16,613	19,685
Maintenance projects	1,879,482				1,879,482	1,647,451
PERS bond reserve	257,250				257,250	1,008,250
Student activities		257,878			257,878	220,870
Technology replacement fund	794,532				794,532	497,362
Textbook replacement plan fund	1,638,981				1,638,981	1,405,876
Warm Springs housing	73,271				73,271	121,564
Warm Springs facility	426,334				426,334	426,334
Assigned for:						
Appropriated ending fund balance	3,186,955				3,186,955	3,823,633
Onsite child care						3,758
Unassigned	6,125,463	(6,479)			6,118,984	5,027,230
Total fund balances	16,698,171	423,641	40,113		17,161,925	16,470,805
Total liabilities, deferred inflows and fund balances	\$ 20,188,973	\$ 2,045,490	\$ 175,417	\$ 15,309	\$ 22,425,190	\$ 20,449,004

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, 2020

TOTAL FUND BALANCES (Page 14)		\$ 17,161,925
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	\$ 76,324,335	
Construction in progress	839,260	
Accumulated depreciation	<u>(33,045,730)</u>	44,117,865
The unamortized portion of prepaid expense not reported under the purchase method in the governmental funds		
		305,818
Other postemployment benefit obligation - RHIA is not a financial resource and therefore is not reported in the governmental funds		
		334,088
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		360,982
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		
		(33,275,922)
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	4,093,810	
Debt refunding proceeds	(3,096)	
Differences between expected and actual experience	1,835,069	
Net difference between projected and actual earnings on investment	(943,339)	
Changes in actuarial assumptions and other items related to pensions	2,728,209	
Changes of assumptions or inputs - OPEB implicit subsidy	(536,618)	
Benefit payments - OPEB implicit subsidy	52,541	
Net difference between projected and actual earnings on investment - OPEB RHIA	<u>(63,898)</u>	7,162,678
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	(26,926)	
Bonds payable	(38,559,999)	
Unamortized portion of bond issuance premium	(641,651)	
Deferred Outflows	1,380,409	
Compensated absences payable	(93,425)	
Early retirement benefits payable	(105,416)	
Other postemployment benefits obligation	<u>(1,217,328)</u>	<u>(39,264,336)</u>
TOTAL NET POSITION (Page 12)		<u><u>\$ (3,096,902)</u></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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	General	Special Revenue	Debt Service	Capital	Totals	
					2020	2019
Revenues						
Local Sources						
Property taxes	\$ 4,684,466	\$	\$ 2,792,901	\$	\$ 7,477,367	\$ 7,188,755
Investment earnings	486,786		36,357		523,143	552,916
Admissions	24,958				24,958	17,353
PERS bond assessment	1,246,872				1,246,872	1,187,999
Miscellaneous	819,557	502,315			1,321,870	1,358,353
Intermediate sources						
County school fund	138,043				138,043	103,656
Grants	73,494				73,494	77,865
State sources						
State school fund	28,839,425	17,635			28,857,060	27,294,665
Common school fund	230,300				230,300	264,331
Grants	4,309	1,131,893		127,648	1,263,849	1,562,276
Federal sources	3,108,955	6,041,377			9,150,334	8,642,497
Total revenues	39,657,165	7,693,220	2,829,258	127,648	50,307,290	48,250,666
Expenditures						
Current						
Instruction	20,233,320	3,338,700			23,572,020	22,682,651
Support services	14,984,012	2,024,785			17,008,799	16,178,282
Enterprise and community services	122,013	2,459,308			2,581,321	2,603,780
Building acquisition and construction	501,904	165,094		127,648	794,646	80,659
Capital outlay	558,963	26,989			585,952	458,040
Debt service						
Principal			2,196,351		2,196,351	1,697,345
Interest			1,881,870		1,881,870	2,263,723
Total expenditures	36,400,212	8,014,876	4,078,221	127,648	48,620,959	45,964,480
Excess (deficiency) of revenues over (under) expenditures	3,256,953	(321,656)	(1,248,963)		1,686,331	2,286,186
Other financing sources (uses)						
Operating transfers in		434,305	1,246,871		1,681,176	1,287,891
Operating transfers out	(1,681,176)				(1,681,176)	(1,287,891)
Lump Sum Payment to PERS	(1,000,000)				(1,000,000)	
Bond Issuance Costs			(229,048)		(229,048)	
Refunding bonds proceeds			24,680,000		24,680,000	
Payments to bond escrow agent			(24,446,163)		(24,446,163)	
Proceeds from sale of assets						52,000
Total other financing sources and (uses)	(2,681,176)	434,305	1,251,660		(995,211)	52,000
Net change in fund balances	575,777	112,649	2,697		691,120	2,338,186
Fund balances - beginning of year	16,122,395	310,992	37,417		16,470,805	14,132,619
Fund balances - end of year	\$ 16,698,171	\$ 423,641	\$ 40,113	\$	17,161,925	\$ 16,470,805

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, 2020

NET CHANGE IN FUND BALANCES (Page 16) \$ 691,120

Amounts reported for governmental activities in the *Statement of Activities* are different because:

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:

Adjustment to state school fund		(212,545)
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Governmental funds report prepayment of expenses under the purchase method		(64,211)
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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.

Expenditures for capital assets and construction in progress	1,380,600	
Less current year depreciation	<u>(2,190,809)</u>	(810,209)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the in the liability Statement of Net Assets. This is the amount by which repayments exceeded proceeds:

Debt principal issued	(24,680,000)	
Debt principal repaid	<u>26,642,514</u>	1,962,514

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.

Early retirement benefits	35,979	
Accrued compensated absences	(5,228)	
Other postemployment benefits	22,341	
Net Pension Expense	<u>(3,694,654)</u>	(3,641,562)

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:

Amortization of premium/(discount)	484,943	
Amortization of debt refunding	<u>(23,451)</u>	461,492

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.		486,266
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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.		<u>2,351</u>
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CHANGE IN NET POSITION (Page 13) \$ (1,124,784)

See notes to financial statements

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 2,900 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, 2020

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 \$42,742 of restricted net position, of which \$40,113 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, 2020

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, 2020

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, 2020

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 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, 2020

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 \$68,011.

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, 2020

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 resource 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, 2020

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, 2020

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, 2020

NOTE 3 - CASH AND INVESTMENTS

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

Petty Cash	\$ 1,200
Deposits with financial institutions	561,309
Investments	
Oregon Short Term Fund	18,026,834
Jefferson County Investment Pool	797,028
Wasco County Investment Pool	<u>1,222</u>
Total shown on Statement of Net Position	<u>\$ 19,387,594</u>

Deposits

At June 30, 2020 the District held cash of \$561,309 with a bank balance of \$699,686. 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, 2020 the District's cash balances exceeded FDIC insurance by \$449,697.

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, 2020, was not available as of the date of this report. The most recent amounts available were reported as of December 31, 2019 as follows: \$1,613,582,353 collateral pledged for reported uninsured public funds of \$2,785,336,509. The custodian, Federal Home Loan Bank, 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, 2020

NOTE 3 - CASH AND INVESTMENTS - continued

Investments

As of June 30, 2020 the District held the following investments:

Investment Type	Fair Value	% of investment portfolio
Oregon Short Term Fund	\$ 18,026,834	95.76%
Jefferson and Wasco Counties Investment Pool	798,250	4.24%
	\$ 18,825,084	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, 2020

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, 2020. 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, 2020

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.

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	\$ 4,796,804	\$ 120,134	\$4,916,938
Truncation gain (loss)/roll corrections	4,848		4,848
Compression loss	(124,876)	(3,813)	(128,689)
Levy as extended on tax rolls	\$ 4,676,776	\$ 116,321	\$4,793,097
	Debt Service Fund		
	Jefferson	Wasco	Total
Levy as extended on tax rolls	\$ 2,789,952	\$ 67,668	\$2,857,620

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, 2020

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, 2020:

Property taxes	\$ 412,718
Grants	1,333,977
Other	<u>307,061</u>
	<u>\$2,053,755</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	\$ 814,227	\$
Special Revenue Fund		802,117
Capital Project Fund		<u>12,110</u>
	<u>\$ 814,227</u>	<u>\$ 814,227</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 2,604,701	\$	\$	\$ 2,604,701
Construction in progress	85,943	874,033	120,716	839,260
Total capital assets not being depreciated	<u>2,690,644</u>	<u>874,033</u>	<u>120,716</u>	<u>3,443,961</u>
Capital assets being depreciated				
Building and improvements	66,336,078	120,716		66,456,794
Vehicles and equipment	6,846,558	506,566	90,284	7,262,840
Total capital assets being depreciated	<u>73,182,636</u>	<u>627,282</u>	<u>90,284</u>	<u>73,719,634</u>
Less accumulated depreciation for				
Buildings and improvements	26,139,323	1,826,568		27,965,891
Vehicles and equipment	4,805,883	364,241	90,284	5,079,840
Total accumulated depreciation	<u>30,945,206</u>	<u>2,190,809</u>	<u>90,284</u>	<u>33,045,731</u>
Total capital assets being depreciated, net	42,237,430	(1,563,527)		40,673,903
Total capital assets, net	<u>\$ 44,928,075</u>	<u>\$ (689,494)</u>	<u>\$ 120,716</u>	<u>\$ 44,117,866</u>

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

Instruction	\$ 1,909,075
Special programs	2,640
Business services	269,667
Enterprise and community services	9,427
	<u>\$ 2,190,809</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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, 2020 was \$83,746. The future minimum lease payments for the machines are as follows:

Year Ending June 30,	Amount
2021	83,747
2022	78,032
2023	76,126
Total	\$ 237,905

NOTE 8 - LONG-TERM LIABILITIES

A summary of long-term liability activity for the year ended is as follows.

	Beginning Balance	Additions	Adjustments/ Payments	Ending Balance	Due in One Year
Bonds Payable					
General obligation bonds	\$ 28,315,000	\$ 24,680,000	\$ 23,780,000	\$ 29,215,000	\$ 2,470,000
Limited tax pension obligation bonds	9,611,351		266,351	9,345,000	880,000
Unamortized premium/discount	2,315,800		1,674,150	641,650	251,105
	40,242,151	24,680,000	25,720,501	39,201,650	3,601,105
Other Liabilities					
Early retirement benefits	141,395		35,979	105,416	29,969
Other post employment benefits	1,618,036		400,708	1,217,328	
Accrued compensated absences	88,197	231,001	225,773	93,424	
Total	\$ 42,089,779	\$ 24,911,001	\$ 26,382,961	\$ 40,617,818	\$ 3,631,074

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, 2020

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.

On March 10, 2020 the district issued federally taxable general obligation refunding bonds of \$24,680,000 to partially refund outstanding bonds of the Series 2013 General Obligation with a true interest cost of 2.09% and an average coupon rate of 1.97%. 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 future debt service payments of the May 23, 2013 and July 23, 2013 general obligation bonds. The refunding reduced total debt service by \$2,176,396 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 8.82%.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM LIABILITIES - continued

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.

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, 2020:

Type	Issue Date	Interest Rates	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Pension	October 31, 2002	2.06% to 6.1%	\$ 8,731,352	\$	\$ 266,352	\$ 8,465,000	\$
Pension	January 31, 2012	2.75%	880,000			880,000	880,000
General	May 23, 2013	1.25% to 5.0%	17,800,000		13,715,000	4,085,000	1,580,000
General	July 23, 2013	1.25% to 5.0%	10,515,000		9,690,000	825,000	90,000
General	March 10, 2020	1.33% to 2.23%		24,680,000	375,000	24,305,000	800,000
Total			<u>\$ 37,926,352</u>	<u>\$ 24,680,000</u>	<u>\$ 24,046,352</u>	<u>\$ 38,560,000</u>	<u>\$ 3,350,000</u>

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

	Balance	Bond Premium/ Discount, net	Statement of Net Assets
Current	\$ 3,350,000	\$ 251,105	\$ 3,601,105
Noncurrent	35,210,000	390,545	35,600,545
Total Bonds Payable	<u>\$ 38,560,000</u>	<u>\$ 641,650</u>	<u>\$ 39,201,650</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 8 - LONG-TERM LIABILITIES - continued

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.

Future bond maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,350,000	\$ 1,149,729	\$ 4,499,729
2022	3,580,000	1,047,801	4,627,801
2023	2,795,000	906,972	3,701,972
2024	3,025,000	789,611	3,814,611
2025	3,255,000	693,004	3,948,004
2026-2031	14,800,000	1,876,765	16,676,765
2032-2035	7,755,000	342,217	8,097,217
	<u>\$ 38,560,000</u>	<u>\$ 6,806,099</u>	<u>\$ 45,366,099</u>

The District is subject to statutory limitations on indebtedness. Presently the District's net bonded debt is \$103,465,083 less than the statutory debt limit. No interest was capitalized during 2020.

Other Post-Employment 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 2.21%. 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, 2020

NOTE 8 - LONG-TERM LIABILITIES - continued

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2021	\$ 29,969
2022	20,560
2023	20,116
2024	19,472
2025	13,392
Thereafter	1,907
	\$ 105,416

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, 2020 are as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,681,176
Special Revenue Fund	434,305	
Debt Service Fund	1,246,871	
Total	\$ 1,681,176	\$ 1,681,176

The District made transfers from the General Fund to the Special Revenue Fund in recognition that expenditures in food service exceeded 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, 2020

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, 2020

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, 2020 using entry age normal actuarial funding method. The OPEB liability was determined based on a valuation date of July 1, 2019 and using the following actuarial assumptions:

Discount Rate	3.50%
General Inflation	2.50%
Annual Salary Increases	3.50% Plus merit increases/decreases ranging
Health Care Cost Trend	from (.95)% to 3.72%

Medical:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2019-20	5.00%	2029-30	5.30%
2020-21	5.50%	2030-31	5.20%
2021-22	6.00%	2031-32	5.10%
2022-23	6.00%	2032-33	5.00%
2023-24	5.90%	2033-34	4.90%
2024-25	5.80%	2034-35	4.80%
2025-26	5.70%	2035-36	4.70%
2026-27	5.60%	2036-37	4.60%
2027-28	5.50%	2038+	4.50%
2028-29	5.40%		

Dental and Vision No implicit subsidy

Demographic assumptions regarding retirement, turnover, and disability are based on Oregon PERS valuation assumptions as of December 31, 2016 published July 26, 2017. Mortality rates used the Pub-2010 Teachers table, separate Employee and Healthy Annuitant tables, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the aforementioned rates, and for active female participants are 100% of the aforementioned rates. For beneficiaries mortality rates used the Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 month of males and not setback for females. Unisex Social Security Data Scale (60 year average) with data through 2015 was used for improvement scale.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

Future retiree coverage: 60% of active members were assumed to elect coverage upon retirement. Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled. Of those enrolling in coverage, 5.0% are assumed to drop coverage each year. Additionally, 70% of future retirees are assumed to cover a spouse. Males are assumed to be three years older than their female spouse. Actual marital status and ages as of the valuation date are used for current retirees, if any.

The discount rate assumptions reflect current municipal bond yields.

For the measurement date of July 1, 2019, 391 participants were covered under the plan, including 380 active employees and 11 inactive retirees.

Changes in OPEB Liability

Balance as of June 30, 2019	\$ 1,618,036
Changes for the year:	
Service cost	172,643
Interest on total OPEB liability	66,841
Difference between expected and actual experience	(221,999)
Effect of economic/demographic gains/losses	
Effect of assumptions changes or inputs	(291,155)
Benefit payments	(127,038)
Balance as of June 30, 2020	<u>\$ 1,217,328</u>

The District recognized \$106,549 of OPEB expense related to the implicit rate subsidy for the year ended June 30, 2020.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

Sensitivity Analysis

The following analysis presents the net OPEB liability using a discount rate of 3.50%, 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:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
Total OPEB Liability	\$1,314,193	\$ 1,217,328	\$ 1,126,819

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$1,083,782	\$ 1,217,328	\$ 1,375,295

Deferred Inflow and Outflows

Under GASB 75, gains and losses which are amortized over future years 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, 2020, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflow of Resources</u>
Difference between expected and actual experience	\$ 194,249	\$
Changes of assumptions or inputs	342,369	
Benefit payments		52,541
Total	<u>\$ 536,618</u>	<u>\$ 52,541</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

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

<u>Year ending June 30,</u>	
2021	\$ (80,394)
2022	(80,394)
2023	(80,394)
2024	(80,394)
2025	(80,394)
Thereafter	<u>(134,648)</u>
	<u>\$ (536,618)</u>

The benefit payments of \$52,541 classified as deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the subsequent year.

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, 2019, there were 44,208 plan participants receiving benefits, and there were 45,598 active and 11,347 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 .06% for Tier I/II members. The District’s total contribution to the RHIA plan for the year ended June 30, 2020 was \$4,099.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

Net OPEB asset

At June 30, 2020, the District reported an asset of \$334,088 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. 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, 2020, the District recognized net OPEB income of \$128,890. The District's proportionate share of the collective net OPEB asset was .172891%, a decrease from its proportionate share of .175614% of the OPEB liability at the previous measurement date.

Deferred inflows and outflows

At June 30, 2020, the District reported deferred inflows of resources related to RHIA OPEB from the following sources:

	<u>Inflow of Resources</u>
Differences between expected and actual experience	\$ 44,056
Changes in assumptions	346
Net difference between projected and actual earnings on investments	20,621
Changes in proportionate share	(1,125)
Total	<u>\$ 63,898</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

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

<u>Year ending June 30,</u>	
2021	\$ (33,026)
2022	(29,254)
2023	(3,744)
2024	2,126
	<u>\$ (63,898)</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, 2019, the following deferred items are reported:

- Changes in employer proportion 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, 2019 measurement period was 3.1 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, 2020

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 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: 35%; disabled retirees: 20%

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, 2017 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, 2020

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	4.13%	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, 2020

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%	\$ (259,005)
Current discount rate	7.20%	(334,088)
1% increase	8.20%	(398,065)

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, 2020

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, 2019 there were 906 participating employers and State Agencies. PERS issues a publicly available financial report which can be obtained on their website, 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, 2020

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, 2019, there were 18,971 active plan members, 128,177 retired plan members or their beneficiaries currently receiving benefits, 11,065 inactive plan members entitled to but not yet receiving benefits for a total of 158,213 Tier One members. For Tier Two members, as of June 30, 2019, there were 32,441 active plan members, 15,567 retired plan members or their beneficiaries currently receiving benefits, 15,566 inactive plan members entitled to but not yet receiving benefits, for a total of 63,574 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, 2019, there were 124,915 active plan members, 5,642 retired plan members or their beneficiaries currently receiving benefits, 5,868 inactive plan members entitled to but not receiving benefits, and 16,287 inactive plan members not eligible for refund or retirement, for a total of 152,712 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, 2020, the District's total payroll for all employees was \$22,600,782. Total covered payroll was \$20,755,269. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

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, 2020 was 23.40% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2020 was 17.95%. 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, 2020 was \$4,097,909. In addition, employee contributions made by the District under employment contracts were \$1,173,784 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, 2020, the District reported a liability of \$33,275,922 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. 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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

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.

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, 2020, the District recognized pension expense of \$3,694,654. The District’s proportionate share of the collective net pension liability was .19237300%, a decrease from its proportionate share of .19972694%, at the previous measurement date. At June 30, 2020, 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	\$ 1,835,069	\$
Changes of assumptions	4,514,258	
Net difference between projected and actual earnings on investments		943,339
Changes in proportionate share	414,716	1,523,437
Difference between employer contributions and employer's proportionate share of system contributions		677,328
District contributions subsequent to the measurement date	4,093,810	
Total	\$ 10,857,853	\$ 3,144,104

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

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, 2019, the following deferred items are reported:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- 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, 2019 – 5.2 years
- 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 \$4,093,810 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, 2020.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

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>	
2021	\$ 2,518,955
2022	(166,913)
2023	721,731
2024	542,439
2025	3,728
	<u>\$ 3,619,940</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 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, 2017 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, 2020

NOTE 12 – PUBLIC PENSION RETIREMENT 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	4.13%	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, 2020

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%	\$ 53,288,437
Current discount rate	7.20%	33,275,922
1% increase	8.20%	16,528,204

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, 2020

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.

NOTE 15 – PERS INCENTIVE FUND PAYMENT

The District participated in the Oregon PERS incentive fund program with a payment of \$1,000,000. As part of the incentive fund program, the state agrees to match a portion of the contribution. The District's matching contribution was \$250,000. Both the contribution were placed in a PERS "side account" that will be used beginning July 1, 2020 to provide an offset for future payments due to the PERS system.

NOTE 16 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared a world-wide pandemic related to COVID-19 coronavirus. The pandemic is causing significant disruption to the United States economy. As a result of Oregon public health measures, the District is currently not allowed to offer in-person learning. Income tax collections in Oregon, which fund the District's activities, have been impacted and this impact is expected to continue into subsequent school years. The overall future impact on the District's operations is unknown as of the date of this report.

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, 2020

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
Revenues						
Property taxes	\$ 4,687,000	\$ 4,687,000	\$ 4,684,466	\$	\$ 4,684,466	\$ (2,534)
Investment earnings	402,850	402,850	486,786		486,786	83,936
Admissions	20,000	20,000	24,958		24,958	4,958
Other local sources	1,928,589	1,928,589	2,066,429		2,066,429	137,840
Intermediate sources	115,000	115,000	211,537		211,537	96,537
State sources	28,286,748	28,286,748	29,074,034		29,074,034	787,286
Federal sources	2,778,875	2,778,875	3,108,955		3,108,955	330,080
Total revenues	38,219,062	38,219,062	39,657,165		39,657,165	1,438,103
Expenditures						
Current						
Instruction	22,675,579	22,675,579	20,233,320		20,233,320	(2,442,259)
Support services	16,759,907	15,832,907	15,542,975	(558,963)	14,984,012	(289,932)
Community services	166,324	166,324	122,013		122,013	(44,311)
Facilities acquisition	656,660	656,660	501,904		501,904	(154,756)
Contingency	250,000	177,000				(177,000)
Capital outlay				558,963	558,963	
Total expenditures	40,508,470	39,508,470	36,400,212		36,400,212	(3,108,258)
Excess (deficiency) of revenues over (under) expenditures	(2,289,408)	(1,289,408)	3,256,953		3,256,953	4,546,361
Other financing sources (uses)						
Operating transfers in	863,500	863,500				(863,500)
Operating transfers out	(2,397,725)	(2,397,725)	(1,681,176)		(1,681,176)	716,549
Lump Sum Payment to PERS		(1,000,000)	(1,000,000)		(1,000,000)	
Total other financing sources and (uses)	(1,534,225)	(2,534,225)	(2,681,176)		(2,681,176)	(146,951)
Net change in fund balance	(3,823,633)	(3,823,633)	575,777		575,777	4,399,410
Fund balance - beginning of year	14,081,724	14,081,724	16,122,395		16,122,395	2,040,671
Fund balance - end of year	\$ 10,258,091	\$ 10,258,091	\$ 16,698,171	\$	\$ 16,698,171	\$ 6,440,081

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 also necessary where budgeted transfers in and out 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, 2020

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
Revenues						
Other local sources	\$ 569,786	\$ 799,244	\$ 502,315	\$	\$ 502,315	\$ (296,929)
Intermediate sources	4,500					
State sources	1,571,057	1,420,958	1,149,528		1,149,528	(271,430)
Federal sources	6,828,643	8,865,460	6,041,377		6,041,377	(2,824,083)
Total revenues	8,973,986	11,085,661	7,693,220		7,693,220	(3,392,441)
Expenditures						
Current						
Instruction	4,222,973	4,818,535	3,338,700		3,338,700	(1,479,835)
Support services	2,141,675	3,633,139	2,051,774	(26,989)	2,024,785	(1,581,365)
Community services	2,882,263	2,893,913	2,459,308		2,459,308	(434,605)
Facilities acquisition	185,000	198,000	165,094		165,094	(32,906)
Capital outlay				26,989	26,989	
Total expenditures	9,431,911	11,543,586	8,014,876		8,014,876	(3,528,710)
Excess (deficiency) of revenues over (under) expenditures	(457,925)	(457,925)	(321,656)		(321,656)	136,269
Other financing sources (uses)						
Operating transfers in	318,144	318,144	434,305		434,305	116,161
Operating transfers out	(12,849)	(12,849)				12,849
Gain on sale of capital assets						
Total other financing sources and (uses)	305,295	305,295	434,305		434,305	129,010
Net change in fund balance	(152,630)	(152,630)	112,649		112,649	265,279
Fund balance - beginning of year	282,630	282,630	310,992		310,992	28,362
Fund balance - end of year	\$ 130,000	\$ 130,000	\$ 423,641	\$	\$ 423,641	\$ 293,641

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 NO. 509J
Jefferson County, Oregon

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

YEARS ENDED JUNE 30, 2020

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
2020	0.192373%	33,275,922	\$ 19,185,869	173.4%	80.2%
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 NO. 509J
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
PENSION PLAN

YEARS ENDED JUNE 30, 2020

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
2020	\$ 4,093,810	\$ 4,093,810	\$	\$ 20,755,269	19.72%
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 NO. 509J
Jefferson County, Oregon

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

YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB, beginning	\$ 1,618,036	\$ 1,551,576	\$ 1,591,593
Service cost	172,643	166,211	173,218
Interest on total OPEB liability	66,841	59,355	47,921
Difference between expected and actual experience	(221,999)		
Effect of assumptions changes or inputs	(291,155)	(38,369)	(93,252)
Benefit payments	<u>(127,038)</u>	<u>(120,737)</u>	<u>(167,904)</u>
Net change in OPEB liability	<u>(400,708)</u>	<u>66,460</u>	<u>(40,017)</u>
Total OPEB, ending	<u>\$ 1,217,328</u>	<u>\$ 1,618,036</u>	<u>\$ 1,551,576</u>

Notes to RSI

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

SCHOOL DISTRICT NO. 509J
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
2020	0.17289131	%	\$ (334,088)	\$	19,185,869		(1.7) %		(144.38) %
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 NO. 509J
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS - RHIA PLAN

YEARS ENDED JUNE 30,

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
2020	\$ 4,099	\$ 4,099	\$	\$ 20,755,269	0.02%
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, 2020

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Property taxes	\$ 2,788,825	\$ 2,788,825	\$ 2,792,901	\$	\$ 2,792,901	\$ 4,076
Investment earnings	21,400	21,400	36,357		36,357	14,957
Total revenues	<u>2,810,225</u>	<u>2,810,225</u>	<u>2,829,258</u>		<u>2,829,258</u>	<u>19,033</u>
<u>Expenditures</u>						
Current						
Debt service	4,082,208	4,082,208	4,078,221	(4,078,221)		(3,987)
Principal				2,196,351	2,196,351	
Interest				1,881,870	1,881,870	
Total expenditures	<u>4,082,208</u>	<u>4,082,208</u>	<u>4,078,221</u>		<u>4,078,221</u>	<u>(3,987)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,271,983)</u>	<u>(1,271,983)</u>	<u>(1,248,963)</u>		<u>(1,248,963)</u>	<u>23,020</u>
<u>Other financing sources (uses)</u>						
Operating transfers in	1,228,930	1,228,930	1,246,871		1,246,871	17,941
Bond issuance costs			(229,048)		(229,048)	(229,048)
Refunding bonds proceeds			24,680,000		24,680,000	24,680,000
Payments to bond escrow agent			(24,446,163)		(24,446,163)	(24,446,163)
	<u>1,228,930</u>	<u>1,228,930</u>	<u>1,251,660</u>		<u>1,251,660</u>	<u>22,730</u>
Net change in fund balance	(43,053)	(43,053)	2,697		2,697	45,750
Fund balance - beginning of year	<u>43,053</u>	<u>43,053</u>	<u>37,417</u>		<u>37,417</u>	<u>(5,636)</u>
Fund balance - end of year	<u>\$</u>	<u>\$</u>	<u>\$ 40,114</u>	<u>\$</u>	<u>\$ 40,114</u>	<u>\$ 40,114</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

CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
State sources						
Grants	\$ 1,868,550	\$ 1,868,550	\$ 127,648	\$	\$ 127,648	\$ (1,740,902)
Total revenues	1,868,550	1,868,550	127,648		127,648	(1,740,902)
<u>Expenditures</u>						
Current						
Building acquisition and construction	1,868,550	1,868,550	127,648		127,648	(1,740,902)
Total expenditures	1,868,550	1,868,550	127,648		127,648	(1,740,902)
Excess (deficiency) of revenues over (under) expenditures						
Fund balance - beginning of year						
Fund balance - end of year	\$	\$	\$	\$	\$	\$

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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

<u>ASSETS</u>	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	106 - Furniture Replacement Fund	107 - Technology Replacement Fund
Cash and investments	\$ 11,562,183	\$ 1,699,964	\$ 16,767	\$ 88,546	\$ 13,182	\$ 43,882	\$ 776,550
Receivables							
Property taxes	258,206						
Other	131,931			1,777			17,982
Due from other funds	814,227						
Total assets	\$ 12,766,547	\$ 1,699,964	\$ 16,767	\$ 90,323	\$ 13,182	\$ 43,882	\$ 794,532
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 146,720	\$	\$	\$ 10,532	\$ 3,271	\$	\$
Accrued payroll liability	2,970,027		154		9,911		
Other current liabilities	111,704						
Tenant deposit				3,250			
Total liabilities	3,228,451		154	13,782	13,182		
<u>DEFERRED INFLOWS</u>							
Unavailable property taxes	225,678						
Unearned revenue				3,270			
Total deferred inflows	225,678			3,270			
<u>FUND BALANCES</u>							
Committed to:							
Bus replacement		1,699,964					
Classroom furniture replacement						43,882	
Equipment replacement							
Employee Wellness			16,613				
Maintenance projects							
Performing arts center fund							
Stabilization of general fund							
Technology replacement plan fund							794,532
Textbook replacement plan fund							
Warm Springs housing				73,271			
Warm Springs school construction							
Assigned to:							
Appropriated ending fund balance	3,186,955						
Unassigned	6,125,463						
Total fund balances	9,312,418	1,699,964	16,613	73,271		43,882	794,532
Total liabilities, deferred inflows and fund balances	\$ 12,766,547	\$ 1,699,964	\$ 16,767	\$ 90,323	\$ 13,182	\$ 43,882	\$ 794,532

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

<u>ASSETS</u>	<u>108 - Textbook Replacement Fund</u>	<u>109 - Equipment Fund</u>	<u>110 - Maintenance Projects</u>	<u>111 - PERS Bond Reserve</u>
Cash and investments	\$ 1,638,985	\$ 555,444	\$ 1,730,392	\$ 257,250
Receivables				
Property taxes				
Other			155,371	
Due from other funds				
Total assets	\$ 1,638,985	\$ 555,444	\$ 1,885,763	\$ 257,250
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$ 6,281	\$
Accrued payroll liability	4			
Other current liabilities				
Tenant deposit				
Total liabilities	4		6,281	
 <u>DEFERRED INFLOWS</u>				
Deferred revenues				
Unearned revenue				
Total deferred inflows				
 <u>FUND BALANCES</u>				
Committed to:				
Bus replacement				
Classroom furniture replacement				
Equipment replacement		555,444		
Employee wellness				
Maintenance projects			1,879,482	
Performing arts center fund				
PERS reserve fund				257,250
Technology replacement plan fund				
Textbook replacement plan fund	1,638,981			
Warm Springs housing				
Warm Springs school construction				
Assigned to:				
Appropriated ending fund balance				
Unassigned				
Total fund balances	1,638,981	555,444	1,879,482	257,250
Total liabilities, deferred inflows and fund balances	\$ 1,638,985	\$ 555,444	\$ 1,885,763	\$ 257,250

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

<u>ASSETS</u>	119 - Warm Springs Facility	<u>Total</u>	
		2020	2019
Cash and investments	\$ 426,334	\$ 18,809,479	\$ 17,781,291
Receivables			
Property taxes		258,206	247,313
Other		307,061	493,301
Due from other funds		814,227	190,346
Total assets	<u>\$ 426,334</u>	<u>\$ 20,188,973</u>	<u>\$ 18,712,251</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$	\$ 166,805	\$ 285,436
Accrued payroll liability		2,980,096	1,863,914
Other current liabilities		111,704	
Tenant deposit		3,250	1,125
Total liabilities		<u>3,261,855</u>	<u>2,150,476</u>
 <u>DEFERRED INFLOWS</u>			
Unavailable property taxes		225,677	224,060
Unearned revenue		3,270	215,320
Total deferred inflows		<u>228,947</u>	<u>439,380</u>
 <u>FUND BALANCES</u>			
Committed to:			
Bus replacement		1,699,964	1,574,250
Classroom furniture replacement		43,882	14,712
Equipment replacement		555,444	556,048
Employee wellness		16,613	19,685
Maintenance projects		1,879,482	1,647,451
Performing arts center fund			
Stabilization of general fund		257,250	1,008,250
Technology replacement plan fund		794,532	497,362
Textbook replacement plan fund		1,638,981	1,405,876
Warm Springs housing		73,271	121,564
Warm Springs school construction	426,334	426,334	426,334
Assigned to:			
Appropriated ending fund balance		3,186,955	3,823,633
Unassigned		6,125,463	5,027,230
Total fund balances	<u>426,334</u>	<u>16,698,171</u>	<u>16,122,395</u>
 Total liabilities, deferred inflows and fund balances			
	<u>\$ 426,334</u>	<u>\$ 20,188,973</u>	<u>\$ 18,712,251</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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	106 - Furniture Replacement Fund	107 - Technology Replacement Fund
<u>Revenues</u>							
Property taxes	\$ 4,684,466	\$	\$	\$	\$	\$	\$
Interest	486,786						
Admissions	24,958						
Other local sources	1,815,243		50	16,792	7,319		71,927
Intermediate sources	138,043						
State sources	28,832,335	241,699					
Federal sources	3,099,456						
Total revenues	39,081,287	241,699	50	16,792	7,319		71,927
<u>Expenditures</u>							
Current							
Instruction	19,973,393					20,830	
Support services	14,666,590		9,622	16,484	87,329		124,757
Enterprise and community services	30,247				91,766		
Capital outlay	1,050	415,985		48,600			
Total expenditures	34,671,280	415,985	9,622	65,084	179,095	20,830	124,757
Excess (deficiency) of revenues over (under) expenditures	4,410,007	(174,286)	(9,572)	(48,292)	(171,776)	(20,830)	(52,830)
Other financing sources (uses)							
Operating transfers in		300,000	6,500		171,776	50,000	350,000
Operating transfers out	(3,948,452)						
Lump Sum Payment to PERS							
Gain on sale of capital assets							
Total other financing sources and (uses)	(3,948,452)	300,000	6,500		171,776	50,000	350,000
Net change in fund balance	461,555	125,714	(3,072)	(48,292)		29,170	297,170
Fund balance - beginning of year	8,850,863	1,574,250	19,685	121,564		14,712	497,362
Fund balance - end of year	<u>\$ 9,312,418</u>	<u>\$ 1,699,964</u>	<u>\$ 16,613</u>	<u>\$ 73,271</u>	<u>\$</u>	<u>\$ 43,882</u>	<u>\$ 794,532</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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	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			155,096	
Intermediate sources			73,494	
State sources				
Federal sources		9,498		
		<u>9,498</u>		
Total revenues		<u>9,498</u>	<u>228,590</u>	
<u>Expenditures</u>				
Current				
Instruction	239,098			
Support services	27,797	27,171	23,259	1,000
Enterprise and community services				
Facilities acquisition and construction			501,903	
Capital outlay		71,931	21,397	
		<u>99,102</u>	<u>546,559</u>	<u>1,000</u>
Total expenditures	<u>266,895</u>	<u>99,102</u>	<u>546,559</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(266,895)</u>	<u>(89,604)</u>	<u>(317,969)</u>	<u>(1,000)</u>
Other financing sources (uses)				
Operating transfers in	500,000	89,000	550,000	250,000
Operating transfers out				
Lump Sum Payment to PERS				(1,000,000)
Gain on sale of capital assets				
	<u>500,000</u>	<u>89,000</u>	<u>550,000</u>	<u>(750,000)</u>
Total other financing sources and (uses)	<u>500,000</u>	<u>89,000</u>	<u>550,000</u>	<u>(750,000)</u>
Net change in fund balance	233,105	(604)	232,031	(751,000)
Fund balance - beginning of year	<u>1,405,876</u>	<u>556,048</u>	<u>1,647,451</u>	<u>1,008,250</u>
Fund balance - end of year	<u>\$ 1,638,981</u>	<u>\$ 555,444</u>	<u>\$ 1,879,482</u>	<u>\$ 257,250</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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	119 - Warm Springs Facility	Total	
		2,020	2019
<u>Revenues</u>			
Property taxes	\$	4,684,466	\$ 4,449,570
Interest		486,786	512,348
Admissions		24,958	17,353
Other local sources		2,066,427	1,842,078
Intermediate sources		211,537	179,226
State sources		29,074,034	27,541,145
Federal sources		3,108,955	3,300,679
		<hr/>	<hr/>
Total revenues		39,657,165	37,842,399
		<hr/>	<hr/>
<u>Expenditures</u>			
Current			
Instruction		20,233,320	19,496,435
Support services		14,984,012	14,023,210
Enterprise and community services		122,013	112,864
Facilities acquisition and construction		501,904	36,183
Capital outlay		558,963	456,040
		<hr/>	<hr/>
Total expenditures		36,400,212	34,124,732
		<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures		3,256,953	3,717,667
		<hr/>	<hr/>
Other financing sources (uses)			
Operating transfers in		2,267,276	1,717,257
Operating transfers out		(3,948,452)	(3,005,148)
Lump Sum Payment to PERS		(1,000,000)	
Gain on sale of capital assets			43,971
		<hr/>	<hr/>
Total other financing sources and (uses)		(2,681,176)	(1,243,920)
		<hr/>	<hr/>
Net change in fund balance		575,777	2,473,747
Fund balance - beginning of year	426,334	16,122,395	13,648,648
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 426,334	16,698,171	\$ 16,122,395
	<hr/>	<hr/>	<hr/>

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	202 - Read to School	203 - Title IA: Grant to LEAs	204 - 21st Century	205 - Title VII: Indian Education	207 - Native Language	208 - Title VI-B: Rural Education Achievement	209 - Title II-A: Quality Teacher's Fund	211 - District School Improvement Grant	212 - WS K-8 School Improvement Grant	213 - IDEA	216 - Title III: English Language Acquisition
ASSETS											
Cash and investments	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables - reimbursement claims	61,777	171,521	71,227	30,388	86,029	5,831	30,309	513		90,364	19,201
Inventory											
Total assets	\$ 61,777	\$ 171,521	\$ 71,227	\$ 30,388	\$ 86,029	\$ 5,831	\$ 30,309	\$ 513	\$	\$ 90,364	\$ 19,201
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accrued payroll liability		60,743	23,757	9,514	10,567	511	4,480	513		35,001	13,469
Deposits											
Due to other funds	61,777	110,778	47,470	20,874	75,462	5,320	25,829			14,151	5,732
Total liabilities	61,777	171,521	71,227	30,388	86,029	5,831	30,309	513	\$	90,364	19,201
DEFERRED INFLOWS											
Deferred Revenues											
FUND BALANCES											
Nonspendable:											
Inventory and prepaid expenses											
Restricted for:											
Federal Programs											
State and local grants and donations											
Committed to:											
Student Activities											
Assigned for:											
Onsite child care											
Total fund balances											
Total liabilities, fund balances and deferred inflows	\$ 61,777	\$ 171,521	\$ 71,227	\$ 30,388	\$ 86,029	\$ 5,831	\$ 30,309	\$ 513	\$	\$ 90,364	\$ 19,201

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	218 - Indian Demonstration Grant	219 - It's A New Day	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1- C Migrant Education	251 - Student Success Account	252 - Measure 98	253 - ODE State Grants
<u>ASSETS</u>								
Cash and investments	\$			\$ 222				
Receivables - reimbursement claims	13,908	159,887	142,226	71			158,948	123,377
Inventory								
Total assets	\$ 13,908	\$ 159,887	\$ 142,226	\$ 293	\$	\$	\$ 158,948	\$ 123,377
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities								
Accounts payable	\$ 100		\$ 41,689					\$ 5,857
Accrued payroll liability	1,930	59,304	19,729	293			59,088	37,509
Deposits								
Due to other funds	11,878	100,583	80,808				99,860	80,011
Total liabilities	13,908	159,887	142,226	293			158,948	123,377
<u>DEFERRED INFLOWS</u>								
Deferred Revenues								
<u>FUND BALANCES</u>								
Nonspendable:								
Inventory and prepaid expenses								
Restricted for:								
Federal Programs								
State and local grants and donations								
Committed to:								
Student Activities								
Assigned for:								
Onsite child care								
Total fund balances								
Total liabilities, fund balances and deferred inflows	\$ 13,908	\$ 159,887	\$ 142,226	\$ 293	\$	\$	\$ 158,948	\$ 123,377

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	254 - Outdoor School	255 - SMILE	262 - Student Body Funds	263 - School Enrichment Fund	271 - Miscellaneous State & Local Grants	272 - HDESD Grants	273 - Onsite Childcare	274 - Activity Bus
ASSETS								
Cash and investments	\$	\$ 542	\$ 212,080	\$ 47,727	\$ 177,084	\$ 316	\$ 13,938	\$
Receivables - reimbursement claims	58,862		8,650				1	2,500
Inventory								
Total assets	\$ 58,862	\$ 542	\$ 220,730	\$ 47,727	\$ 177,084	\$ 316	\$ 13,939	\$ 2,500
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$	\$	\$ 10,579	\$	\$ 18,899	\$	\$	\$
Accrued payroll liability		542			379	95	13,939	
Deposits								
Due to other funds	58,862					221		2,500
Total liabilities	58,862	542	10,579		19,278	316	13,939	2,500
DEFERRED INFLOWS								
Deferred Revenues					155,177			
FUND BALANCES								
Nonspendable:								
Inventory and prepaid expenses								
Restricted for:								
Federal Programs								
State and local grants and donations					2,629			
Committed to:								
Student Activities			210,151	47,727				
Assigned for:								
Onsite child care								
Total fund balances			210,151	47,727	2,629			
Total liabilities, fund balances and deferred inflows	\$ 58,862	\$ 542	\$ 220,730	\$ 47,727	\$ 177,084	\$ 316	\$ 13,939	\$ 2,500

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	299 - Food Services	Total	
		2020	2019
<u>ASSETS</u>			
Cash and investments	\$ 104,789	\$ 557,211	\$ 693,602
Receivables - reimbursement claims	83,588	1,318,665	838,689
Inventory	169,614	169,614	32,474
Total assets	<u>\$ 357,991</u>	<u>\$ 2,045,490</u>	<u>\$ 1,564,765</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 17,646	\$ 129,771	\$ 146,703
Accrued payroll liability	177,210	534,784	572,668
Deposits			
Due to other funds		802,117	190,346
Total liabilities	<u>194,856</u>	<u>1,466,672</u>	<u>909,717</u>
<u>DEFERRED INFLOWS</u>			
Unearned revenue		155,177	344,057
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory and prepaid expenses	169,614	169,614	32,474
Restricted for:			
Federal Programs			51,261
State and local grants and donations		2,629	2,629
Committed to:			
Student Activities		257,878	220,870
Assigned for:			
Onsite child care			3,758
Unassigned	(6,479)	(6,479)	
Total fund balances	<u>163,135</u>	<u>423,641</u>	<u>310,992</u>
Total liabilities, fund balances and deferred inflows	<u>\$ 357,991</u>	<u>\$ 2,045,490</u>	<u>\$ 1,564,765</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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	202 - Title 1A: Grant to LEAs	203 - Title 1A: Grant to LEAs	204 - 21st Century	205 - Title VII: Indian Education	207 - Native Language	208 - Title VI-B: Rural Education Achievement	209 - Title II-A: Quality Teacher's Fund	211 - District School Improvement	212 - WS K-8 School Improvement	213 - IDEA	216 - Title III: English Language
Revenues											
Other local sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intermediate sources											
State sources											
Federal sources	173,507	807,251	559,510	142,415	409,727	126,997	87,615	157,418	21,297	449,555	104,558
Total revenues	173,507	807,251	559,510	142,415	409,727	126,997	87,615	157,418	21,297	449,555	104,558
Expenditures											
Current											
Instruction		517,521	337,279	65,062	214,041	8,556				354,259	22,836
Support services	173,507	272,197	204,520	77,353	195,686	118,238	87,615	157,418	21,297	95,296	6,260
Enterprise and community services		17,533	17,711			203					75,462
Facilities acquisition and construction											
Capital outlay											
Total expenditures	173,507	807,251	559,510	142,415	409,727	126,997	87,615	157,418	21,297	449,555	104,558
Excess (deficiency) of revenues over (under) expenditures											
Other financing sources (uses)											
Operating transfers in											
Gain (loss) on sale of capital assets											
Total other financing sources and uses											
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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	218 - Indian Demonstration Grant	219 - It's A New Day	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1-C Migrant Education	251 - Student Success Account	252 - Measure 98	253 - ODE State Grants
<u>Revenues</u>								
Other local sources	\$	\$	\$	\$	\$	\$	\$	\$
Intermediate sources								
State sources							567,816	495,204
Federal sources	157,716	689,064	215,350	7,164	16,719			
Total revenues	157,716	689,064	215,350	7,164	16,719		567,816	495,204
<u>Expenditures</u>								
Current								
Instruction	123,769	515,011	206,404		13,771		465,460	25,634
Support services	26,242	167,579	8,946	7,164	2,948		102,356	226,245
Enterprise and community services	7,705	6,474						60,631
Facilities acquisition and construction								165,094
Capital outlay								17,600
Total expenditures	157,716	689,064	215,350	7,164	16,719		567,816	495,204
Excess (deficiency) of revenues over (under) expenditures								
Other financing sources (uses)								
Operating transfers in								
Gain (loss) on sale of capital assets								
Total other financing sources and (uses)								
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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	254 - Outdoor School	255 - SMILE	262 - Student Body Funds	263 - School Enrichment Fund	271 - Miscellaneous State & Local	272 - HDESD Grants	273 - Onsite Childcare	274 - Activity Bus
Revenues								
Other local sources	\$	\$	\$ 260,805	\$ 21,574	\$ 168,609	\$ 3,967	\$ 33,398	\$ 2,500
Intermediate sources								
State sources	58,862	850				8,349		
Federal sources						10,704		
Total revenues	58,862	850	260,805	21,574	168,609	23,020	33,398	2,500
Expenditures								
Current								
Instruction	58,862	5,647	219,493	25,548	95,644	7,901	55,999	
Support services				328	52,735	15,119	(1)	5,735
Enterprise and community services					10,841		68,440	
Facilities acquisition and construction								
Capital outlay					9,389			
Total expenditures	58,862	5,647	219,493	25,876	168,609	23,020	124,438	5,735
Excess (deficiency) of revenues over (under) expenditures		(4,797)	41,312	(4,302)			(91,040)	(3,235)
Other financing sources (uses)								
Operating transfers in		4,797					87,282	3,235
Operating transfers out								
Gain (loss) on sale of capital assets								
Total other financing sources and (uses)		4,797					87,282	3,235
Net change in fund balance			41,312	(4,302)			(3,758)	
Fund balance - beginning of year			168,839	52,029	2,629		3,758	
Fund balance - end of year	\$	\$	\$ 210,151	\$ 47,727	\$ 2,629	\$	\$	\$

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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	299 - Food Services	Total	
		2020	2019
<u>Revenues</u>			
Other local sources	\$ 11,461	\$ 502,315	\$ 739,431
Intermediate sources			6,356
State sources	18,446	1,149,528	1,221,062
Federal sources	1,904,811	6,041,377	5,374,998
	<hr/>	<hr/>	<hr/>
Total revenues	1,934,718	7,693,220	7,341,847
<u>Expenditures</u>			
Current			
Instruction		3,338,700	3,044,509
Support services		2,024,785	1,776,628
Enterprise and community services	2,194,310	2,459,308	2,579,148
Facilities acquisition and construction		165,094	
Capital outlay		26,989	49,662
	<hr/>	<hr/>	<hr/>
Total expenditures	2,194,310	8,014,876	7,449,947
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	(259,592)	(321,656)	(108,100)
<u>Other financing sources (uses)</u>			
Operating transfers in	338,992	434,305	166,678
Gain (loss) on sale of capital assets			
	<hr/>	<hr/>	<hr/>
Total other financing sources and (uses)	338,992	434,305	166,678
Net change in fund balance	79,400	112,649	58,578
Fund balance - beginning of year	83,735	310,992	394,659
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 163,135	423,641	453,236
	<hr/>	<hr/>	<hr/>

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2020	2019
<u>ASSETS</u>				
Cash and investments	\$ 20,730	\$ 176	\$ 20,906	\$ 23,567
Receivables				
Property taxes		154,511	154,511	148,421
Total assets	<u>\$ 20,730</u>	<u>\$ 154,687</u>	<u>\$ 175,417</u>	<u>\$ 171,988</u>
<u>DEFERRED INFLOWS</u>				
Unavailable property taxes		135,304	135,304	134,571
Total deferred inflows		<u>135,304</u>	<u>135,304</u>	<u>134,571</u>
<u>FUND BALANCES</u>				
Restricted for:				
Debt Service	<u>20,730</u>	<u>19,383</u>	<u>40,113</u>	<u>37,417</u>
Total fund balances	<u>20,730</u>	<u>19,383</u>	<u>40,113</u>	<u>37,417</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,730</u>	<u>\$ 154,687</u>	<u>\$ 175,417</u>	<u>\$ 171,988</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, 2020 AND SUMMARIZED INFORMATION FOR JUNE 30, 2019

	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2020	2019
<u>Revenues</u>				
Property taxes	\$	\$ 2,792,901	\$ 2,792,901	\$ 2,739,185
Interest	13,154	23,203	36,357	40,568
Total revenues	13,154	2,816,104	2,829,258	2,779,753
<u>Expenditures</u>				
Principal	266,351	1,930,000	2,196,351	1,697,345
Interest	996,144	885,725	1,881,870	2,263,723
Total expenditures	1,262,495	2,815,725	4,078,221	3,961,068
Excess (deficiency) of revenues over (under) expenditures	(1,249,341)	379	(1,248,963)	(1,181,315)
<u>Other financing sources (uses)</u>				
Operating transfers in	1,246,871		1,246,871	1,187,997
Bond Issuance Costs		(229,048)	(229,048)	
Refunding bonds proceeds		24,680,000	24,680,000	
Payments to bond escrow agent		(24,446,163)	(24,446,163)	
Total other financing sources and (uses)	1,246,871	4,790	1,251,660	1,187,997
Net change in fund balance	(2,471)	5,168	2,697	6,682
Fund balance - beginning of year	23,201	14,216	37,417	30,735
Fund balance - end of year	\$ 20,730	\$ 19,383	\$ 40,113	\$ 37,417

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SCHEDULE OF FUTURE MATURITIES - BOND AND BOND INTEREST

JUNE 30, 2020

Year of Maturity	Total	Issue Date October 31, 2002		Issue Date January 31, 2012		Issue Date May 23, 2013		Issue Date July 23, 2013		Issue Date March 20, 2020	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020-21	\$ 4,499,729	\$	\$ 468,507	\$ 880,000	\$ 24,200	\$ 1,580,000	\$ 169,000	\$ 90,000	\$ 33,000	\$ 800,000	\$ 455,022
2021-22	4,627,801	945,000	468,507			1,690,000	105,800	105,000	29,400	840,000	444,094
2022-23	3,701,972	1,065,000	416,721			815,000	32,600	630,000	25,200	285,000	432,451
2023-24	3,811,611	1,195,000	358,252							1,830,000	428,359
2024-25	3,948,004	1,340,000	291,930							1,915,000	401,074
2025-26	4,073,166	1,490,000	217,560							1,995,000	370,606
2026-27	4,206,835	1,655,000	134,865							2,080,000	336,970
2027-28	3,287,834	775,000	43,013							2,170,000	299,821
2028-29	2,524,264									2,265,000	259,264
2029-30	2,584,666									2,370,000	214,666
2030-31	2,636,816									2,470,000	166,816
2031-32	2,700,218									2,585,000	115,218
2032-33	2,760,183									2,700,000	60,183
	<u>\$ 45,363,099</u>	<u>\$ 8,465,000</u>	<u>\$ 2,399,355</u>	<u>\$ 880,000</u>	<u>\$ 24,200</u>	<u>\$ 4,085,000</u>	<u>\$ 307,400</u>	<u>\$ 825,000</u>	<u>\$ 87,600</u>	<u>\$ 24,305,000</u>	<u>\$ 3,984,544</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, 2020

Item A	Energy bills for heating		Objects 325, 326 & 327
	All Funds	Function	
		2540	\$ 663,102
		2550	\$ 9,560
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, 2020

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>	<u>Fund 400</u>	<u>Total</u>
Local Sources					
1110 Ad Valorem Taxes Levied By District	\$ 4,684,466		\$ 2,792,901		\$ 7,477,367
1300 Tuition	58,526				58,526
1415 Transportation Fees from Within District	34,768				34,768
1500 Earnings on Investments	486,786		36,357		523,143
1600 Food Service		9,456			9,456
1700 Extra-Curricular Activities	24,958	206,161			231,119
1800 Childcare		33,398			33,398
1910 Rentals	51,172				51,172
1920 Contributions and Donations		205,455			205,455
1980 Federal Indirect Cost	192,610				192,610
1990 Miscellaneous	1,729,353	47,843			1,777,196
Total Revenue from Local Sources	<u>7,262,639</u>	<u>502,314</u>	<u>2,829,258</u>		<u>10,594,210</u>
Intermediate Sources					
2101 County School Funds	138,043				138,043
2200 Restricted Revenue	73,494				73,494
Total Revenue from Intermediate Sources	<u>211,537</u>				<u>211,537</u>
State Sources					
3101 State School Fund-General Support	28,839,425	17,635			28,857,060
3103 Common School Fund	230,300				230,300
3200 Restricted Grants-In-Aid	4,309	1,131,893		127,648	1,263,850
Total Revenue from State Sources	<u>29,074,033</u>	<u>1,149,528</u>		<u>127,648</u>	<u>30,351,209</u>
Federal Sources					
4201 Foster Care Transportation	6,663				6,663
4300 Restricted Revenue Direct From Federal	47,468	1,572,431			1,619,899
4500 Restricted Revenue Through the State		4,268,424			4,268,424
4700 Grants-In-Aid From the Federal		31,704			31,704
4801 Federal Forest Fees					
4802 Impact Aid to School Districts	3,045,327				3,045,327
4900 Revenue for/on Behalf of the District	9,498	168,819			178,318
Total Revenue from Federal Sources	<u>3,108,956</u>	<u>6,041,379</u>			<u>9,150,334</u>
Other Sources					
5100 Long Term Debt Financing Sources			24,680,000		24,680,000
5120 Premiums on Sale of Bonds					
5200 Interfund Transfers	2,267,276	434,305	1,246,870		3,948,452
5300 Sale of Fixed Assets					
5400 Resources - Beginning Fund Balance	16,122,395	310,992	37,417		16,470,804
Total Revenue from Other Sources	<u>18,389,671</u>	<u>745,298</u>	<u>25,964,287</u>		<u>45,099,255</u>
Grand Totals	<u>\$ 58,046,835</u>	<u>\$ 8,438,518</u>	<u>\$ 28,793,545</u>	<u>\$ 127,648</u>	<u>\$ 95,406,547</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

GENERAL FUND (100)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2020

<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 Education	\$ 7,497,407	\$ 4,588,948	\$ 2,716,687	\$ 59,981	\$ 121,204	\$	\$ 10,588	\$
1121 Middle/Junior High Programs	2,964,888	1,748,907	1,026,965	21,583	161,302		6,132	
1122 Middle/Junior High School Extracurricular	184,158	111,301	48,796	13,201	9,765		1,095	
1131 High School Programs	3,117,971	1,886,862	1,057,855	36,264	132,523		4,468	
1132 High School Extra-curricular	558,369	330,002	129,156	71,653	20,934		6,625	
1210 Programs for the Talented and Gifted	67,970	39,117	24,704	427	3,722			
1220 Programs for the Students with Mental Disabilities	1,577,746	925,999	638,531	4,852	8,365			
1221 Programs for the Students with Mental Disabilities								
1223 Community Transition Center	211,791	101,360	64,581	1,657	253		43,940	
1227 Extended school year instruction	34,837	24,731	9,956		150			
1229 Behavioral Program	708,564	449,433	259,073		58			
1250 Less Restrictive Programs fro Students with Disabilities	1,572,311	1,005,002	558,772		8,536			
1283 District Alternative Education	572,437	286,867	206,600	59,922	16,846		2,201	
1291 English Second Language Programs	1,164,871	698,368	463,137		3,366			
1460 Special Programs, Summer School								
1296 Indian Education								
Total Instruction	<u>20,233,320</u>	<u>12,196,897</u>	<u>7,204,812</u>	<u>269,540</u>	<u>487,024</u>		<u>75,048</u>	
Support Services								
2112 Attendance Services	69,419	38,961	30,458					
2114 Student Accounting Services	187,141	112,685	74,456					
2115 Student Safety	111,649			111,649				
2122 Counseling Services	970,002	593,964	366,086	1,507	8,446			
2130 Health Services	173,490	99,824	58,055	664	14,339		609	
2150 Speech Pathology and Audiology Services	65,356	34,255	31,101					
2160 Other Student Treatment Services	82,300			82,300				
2190 Service Direction: Student Support Services	272,906	140,086	84,512	42,947	4,305		1,055	
2211 Service Area Direction	580,894	356,799	213,494	477	8,830		1,294	
2213 Curriculum Development	25,582	2,642	1,001		21,939			
2220 Educational Media Services	409,603	217,507	170,057		21,869		170	
2230 Assessment and Testing	72,701	59,030	10,785		2,885			
2240 Instructional Staff Development	78,016	16,241	37,754	10,026	13,995			
2244 Administrative Staff Development	12,962		12,962					
2310 Board of Education Services	160,577			151,111	1,305		8,161	
2321 Office of Superintendent Services	464,087	283,870	157,795	17,187	4,179		1,055	
2329 Other Executive Administrative Services	30,184			25,364	4,820			
2410 Office of the Principal Services	2,855,954	1,660,446	979,041	107,238	98,115		11,115	
2520 Fiscal Services	713,289	348,067	194,161	101,063	65,766		4,232	
2528 Risk Management Services	75,393						75,393	
2542 Care and Upkeep of Buildings Services	2,747,878	1,038,390	722,151	719,908	116,816		150,614	
2543 Care and Upkeep of Grounds Services	101,923	41,192	14,685	15,601	30,445			
2544 Maintenance	1,151,156	471,011	285,343	94,982	219,759	73,214	6,847	

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

GENERAL FUND (100)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2020

	<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>
2546 Security Services	5,438			5,438				
2552 Student Transportation Services	2,615,704	1,088,113	776,520	58,670	213,105	445,880	33,417	
2572 Purchasing Services	41,433	17,821	12,031		11,580			
2573 Warehousing and Distributing Services	25,703	13,967	11,737					
2574 Printing, Purchasing and Duplicating Services	3,554			3,082	473			
2623 Evaluation Services								
2626 Grant Writing Services	4,703			4,703				
2633 Public Information Services	51,152			51,152				
2640 Personnel Services	720,181	422,350	214,572	24,185	56,571		2,504	
2642 Recruitment and Placement Services	11,815			2,522	1,086		8,208	
2645 Health Services	11,290	1,500	853	4,788	4,148			
2660 Technology Services	417,592	118,169	74,758	9,334	215,031		300	
2669 Other Technology Services	122,122			122,122				
2680 Interpretation and Translatio Services	4,233			4,233				
2700 Supplemental Retirement Program	55,724	51,266	4,458					
Total Support Services	<u>15,503,105</u>	<u>7,228,156</u>	<u>4,538,826</u>	<u>1,772,250</u>	<u>1,139,808</u>	<u>519,093</u>	<u>304,972</u>	
<u>Enterprise and Community Services</u>								
3100 Food Services	39,870					39,870		
3320 Community Recreation Services	30,000			30,000				
3330 Civic Services	247	18	7	222				
3390 Other Community Services	91,766	44,976	39,697	6,778	314			
Total Enterprise and Community Services	<u>161,883</u>	<u>44,994</u>	<u>39,705</u>	<u>37,000</u>	<u>314</u>	<u>39,870</u>		
<u>Building Acquisition and Construction</u>								
4150 Building Acquisition-Major Add-on	501,904					501,904		
Total Building Acquisition and Construction Services	<u>501,904</u>					<u>501,904</u>		
<u>Other Uses</u>								
5200 Transfer of Funds	3,948,452							3,948,452
5400 Lump Sum Payment to PERS	1,000,000						1,000,000	
Total Other Uses	<u>4,948,452</u>						<u>1,000,000</u>	<u>3,948,452</u>
Grand Totals	<u>\$ 41,348,664</u>	<u>\$ 19,470,047</u>	<u>\$ 11,783,342</u>	<u>\$ 2,078,791</u>	<u>\$ 1,627,146</u>	<u>\$ 1,060,867</u>	<u>\$ 1,380,019</u>	<u>\$ 3,948,452</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SPECIAL REVENUE FUNDS (200)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2020

<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)	\$ 93,585	\$	\$	\$ 49,250	\$ 34,945	\$ 9,389	\$	\$
1113 Elementary Extra-curricular	65		65					
1121 Middle/Junior High Programs	12,150			9,612	2,538			
1122 Middle/Junior High School Extracurricular	15,442		63		15,379			
1131 High School Programs	447,939	253,726	147,515		18,730	17,600	10,369	
1132 High School Extra-curricular	218,054	3,400	2,119	34,674	150,456		27,404	
1220 Programs for the Students with Mental Disabilities	172,892	89,863	83,029					
1221 Programs for the Students with Mental Disabilities	3,311	3,012	299					
1223 Community Transition Center	219,204	70,641	50,762	97,540	261			
1229 Behavioral Program	88,986	43,090	45,895					
1250 Less Restrictive Programs for Students with Disabilities	20,700	14,980	5,720					
1260 Treatment and Rehabilitation	58,882			58,882				
1271 Remediation	171,371	109,149	62,222					
1272 Title I-A Grants to LEAs	1,150,059	695,069	338,212	5,099	111,679			
1283 District Alternative Education	55,443	32,358	21,492		1,592			
1291 English Second Language Programs	1,529				1,529			
1292 Teen Parent Programs	55,999	31,517	24,482					
1296 Indian Education	483,678	183,578	83,093	213,953	3,053			
1420 Middle/Junior High Summer School	17,709	13,111	4,363		235			
1460 Special Programs Summer School	78,691	57,301	21,122		269			
Total Instruction	<u>3,365,688</u>	<u>1,600,796</u>	<u>890,452</u>	<u>469,011</u>	<u>340,665</u>	<u>26,989</u>	<u>37,773</u>	
Support Services								
2112 Attendance Services	102,187	64,285	36,787	326	788			
2115 Student Safety and Security								
2119 Other Attendance and Social Work Services	23,681	16,196	6,246	1,082	157			
2122 Counselor Services	220,000	131,346	86,046	715	1,893			
2130 Health Services	4,774			4,774				
2160 Other Student Treatment Services	70,126			70,126				
2190 Program Direction Student Support								
2210 Improvement of Instruction Services								
2211 Service Area Direction	648,507	401,541	236,660	8,933	1,373			
2213 Office of Instructional Services								
2219 Other Improvement of Instruction								
2220 Education Media Services	159,880				159,880			
2230 Assessment and Testing	1,800				1,800			
2240 Instructional Staff Development	533,621	82,882	36,105	389,584	25,050			
2321 Board of Education Services	293			293				
2410 Office of the Principal Services	14,882	11,893	2,517	163	310			
2520 Fiscal Services								
2542 Care and Upkeep of Building Services	27,486	14,609	2,827		10,050			
2544 Maintenance	2,476			2,476				
2552 Student Transportation Services	22,340			22,340				
2623 Evaluation Services	121				121			
2690 Other Support Services	192,610						192,610	
Total Support Services	<u>2,024,785</u>	<u>722,752</u>	<u>407,189</u>	<u>500,812</u>	<u>201,422</u>		<u>192,610</u>	

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SPECIAL REVENUE FUNDS (200)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2020

	<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>
<u>Enterprise and Community Services</u>								
3100 Food Services	2,194,309	682,401	561,411	32,535	916,093		1,869	
3330 Civil Services	189,307	85,473	65,678	7,475	30,681			
3390 Other Community Services	7,252	2,120	750	2,500	1,881			
3501 Child Care Provider Services	68,441	37,192	29,387		1,861			
Total Enterprise and Community Services	<u>2,459,308</u>	<u>807,186</u>	<u>657,226</u>	<u>42,510</u>	<u>950,517</u>		<u>1,869</u>	
<u>Building Acquisition and Construction</u>								
4150 Building Acquisition-Major Add-on	165,094					165,094		
Total Building Acquisition and Construction Services	<u>165,094</u>					<u>165,094</u>		
Grand Totals	<u>\$ 8,014,875</u>	<u>\$ 3,130,734</u>	<u>\$ 1,954,867</u>	<u>\$ 1,012,333</u>	<u>\$ 1,492,604</u>	<u>\$ 192,083</u>	<u>\$ 232,252</u>	<u>\$</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

DEBT SERVICE FUND (300)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2020

	<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>
<u>Other Uses</u>								
5110 Debt Service	\$ 28,753,433	\$	\$	\$	\$	\$	\$ 28,753,433	\$
Other Uses	<u>28,753,433</u>						<u>28,753,433</u>	
Grand Totals	<u>\$ 28,753,433</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 28,753,433</u>	<u>\$</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

CAPITAL PROJECTS FUND (400)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2020

	<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>
<u>Building Acquisition and Construction</u>								
4150 Building Acquisition-Major Add-on	\$ 127,648	\$	\$	\$	\$	\$ 127,648	\$	\$
Other Uses	127,648					127,648		
Grand Totals	<u>\$ 127,648</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 127,648</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, 2020, and have issued our report thereon dated October 3, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, except for the following with respect to Oregon Public Contracting rules:

- The District did not include two required components in their RFP advertisement concerning the date and time of bid opening and prevailing wage requirements.

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

October 3, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2020.

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 that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control 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 financial statements. 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 3, 2020



**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, 2020. 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 compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2020.

**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 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 3, 2020

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

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>
84.010	Title I
84.027, 84.173	Special Education Cluster
84.299A	Indian Demonstration Grant

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, 2020

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, 2020

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Entity Number	Federal Expenditures	District Fund	Passed Through to Subrecipients
<u>DEPARTMENT OF AGRICULTURE</u>					
Passed through Oregon Department of Education:					
School Breakfast Program	10.553		\$ 331,707	299.998	
National School Lunch Program	10.555		789,410	299.998	
National School Lunch - Commodities (Non-Cash Assistance)	10.555		167,713	299.998	
CARES - School Breakfast Program	10.555		28,659	299.998	
CARES - Lunch Program	10.555		70,739	299.998	
CARES - Summer Food Service Program for Children	10.555		263,439	299.996	
CARES - Child and Adult Care Food Program	10.555		104,632	299.997	
Summer Food Service Program for Children	10.559		45,851	299.996	
Summer Food Service Program for Children - Commodities (Non-Cash Assistance)	10.559		<u>1,106</u>	299.996	
Total National School Lunch Program Cluster			1,803,256		
Child and Adult Care Food Program	10.558		101,553	299.997	
USDA SAE Reallocation	10.560			<u>299.996 & 299.998</u>	
TOTAL DEPARTMENT OF AGRICULTURE			<u>1,904,809</u>		
<u>DEPARTMENT OF DEFENSE</u>					
Junior Reserve Officers' Training Corps	12.11JROTC		<u>47,467</u>	100	
TOTAL DEPARTMENT OF DEFENSE			<u>47,467</u>		
<u>DEPARTMENT OF EDUCATION</u>					
Impact Aid	84.041		3,045,327	100	
Indian Education Grants to Local Education Agencies	84.060		142,415	205	
Indian Demonstration Grant	84.299A		157,716	218	
It Is A New Day (Ishumax Kadux) Program	84.299A		<u>689,064</u>	219	
			846,780		
Native American Language Grant	84.365C		409,727	207	
Read to Succeed - Innovative Approaches to Literacy	84.215G		173,507	217	
Passed through State Department of Education					
Title I Grants to Local Education Agencies	84.010	45615	32,108	203	
		50409	79,002	203	
		53288	696,141	203	
District Improvement Grants		51419	61,979	211	
Total Title I Grants to Local Agencies			<u>869,230</u>		
Special Education - Grants to States	84.027	49534	7	213	
		49895	168,416	213	
		50027	3,897	213	3,897
		51282	1,918	213	
		53786	262,631	213	
		54682	549.00	213	
		57382	780		
Special Education - Preschool Grant	84.173	50103	<u>11,357</u>	213	
Total Special Education Grants to States Cluster			449,555		<u>3,897</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, 2020

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures	District Fund	Passed Through to Subrecipients
Passed through State Department of Education (continued)					
Title VI Rural Education	84.358	47614 50871 55325	14,137 24,028 36,946	208 208 208	
			<u>75,111</u>		
Title III English Language Acquisition Grant	84.365	44223 50254 53427	7,802 23,081 73,675	216 216 216	
			<u>104,558</u>		
Title II-A Improving Teacher Quality State Grants	84.367	41334 53550	2,917 84,698	209 209	
			<u>87,615</u>		
Title 1-A School Improvement Grants	84.377	46861 54354	21,297 95,439	212 211	
			<u>116,736</u>		
Student Support and Academic Enrichment	84.424	50743 54540	16,719 51,887	227 227	
21st Century Community Learning Centers	84.287	46068 54267	63,380 475,130	204 204	
Passed through education service districts					
Education of Migratory Children	84.011		21,000	204	
Perkins	84.048		10,704	100	
McKinney-Vento Homeless Assistance Act	84.196		7,164	226	
			<u>38,868</u>		
TOTAL DEPARTMENT OF EDUCATION			<u>6,966,545</u>		
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Passed through Oregon Employment Department					
Child Care and Development Grant Discretionary	93.575			273	
Passed through Oregon Children, Adults and Families					
Social Services Block Grant	93.667	160722	215,350	223	84,260
Foster Care Transportation	93.658	47435	6,663	100	
			<u>222,013</u>		<u>84,260</u>
TOTAL DEPT OF HEALTH AND HUMAN SERVICES					
<u>GENERAL SERVICES ADMINISTRATION</u>					
Passed through Oregon Employment Department (Non-Cash Assistance)	39.003		9,498	109	
TOTAL GENERAL SERVICES ADMINISTRATION			<u>9,498</u>		
TOTALS			<u>\$ 9,150,334</u>		<u>\$ 88,157</u>

Passed through to Heart of Oregon - \$46,591, Culver \$37,669 and Black Butte - \$3,897

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, 2020

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 19-20, the rate was 4.23%.

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), \$1,263,504.

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.