

SCHOOL DISTRICT 509J
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

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

SCHOOL OFFICIALS

JUNE 30, 2021

Board Chair

Laurie Danzuka
Warm Springs, Oregon

Board Members

Kevin Richards
Vice Chair
Madras, Oregon

Courtney Snead
Madras, Oregon

Board Members

Jamie Hurd
Madras, Oregon

Tom Norton, Jr.
Madras, Oregon

School Superintendent

Ken Parshall
Madras, Oregon

SCHOOL DISTRICT 509J
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT



Board of Directors
School District 509J
Jefferson County, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of School District 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2021, 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 3, 2020, 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, 2021, 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 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2021 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 23, 2021, 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

December 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021. 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 assets of the District exceeded its liabilities at June 30, 2021 by \$1,520,129. Of this amount, \$17,434,151 represents the District's investment in capital assets net of debt service, \$112,694 is restricted for debt service, and \$2,629 is restricted with donor requirements leaving a deficit of \$16,029,345 in unrestricted net position.
- The District's total net position increased by \$4,617,030 from prior year ended June 30, 2020.
- The District's governmental funds reported combined ending fund balance of \$20,101,307 of which \$9,414,507 is unassigned and available for spending at the District's discretion (page 14).
- At the end of the fiscal year, unassigned fund balance for the general fund on a budget basis was \$9,476,900 or about 27.3% of total general fund expenditures and transfers (page 14, 16).
- The District's total bonded debt decreased by \$3,601,105 during the 2020-21 fiscal year. The decrease was attributed to the payment of long-term debt obligations and amortization of bond premium.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are reconciled to the government-wide Statements of Net Position and Activities.

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

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

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

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

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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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,	
	2021	2020
Assets		
Current and other assets	\$ 25,673,402	\$ 22,250,869
Capital assets (net)	44,597,881	44,117,866
Total assets	70,271,283	66,368,735
Deferred Outflows	14,648,434	12,290,803
Liabilities		
Other liabilities	7,670,851	7,587,611
Long-term liabilities	70,600,336	70,262,667
Total liabilities	78,271,187	77,850,278
Deferred Inflows	5,128,402	3,906,163
Net Position		
Investment in capital assets, net of related debt	17,434,151	14,228,268
Restricted	115,323	42,742
Unrestricted	(16,029,345)	(17,367,912)
Total net position	\$ 1,520,129	\$ (3,096,902)

Capital assets, which consist of the District's land, buildings, building improvement, vehicles, and equipment, represent 63.6% of total assets. The remaining assets consist primarily of cash, investments, receivables and other assets.

The District's largest liabilities (45.4%) are for repayment of general obligation bonds and pension bonds and PERS liability (47.2%).

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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	
	2021	2020
REVENUES		
Program revenues		
Charges for services	\$ 583,579	\$ 948,765
Capital grants and contributions	1,422,216	
Operating grants and contributions	11,446,453	7,647,804
Total program revenues	13,452,248	8,596,569
General revenues		
Property taxes levied for general purposes	5,080,096	4,685,199
Property taxes levied for debt service	3,173,171	2,794,519
County School Fund	127,386	138,043
State school fund general support	28,470,282	28,644,516
Other Intermediate Sources	14,080	
Common school fund	240,116	230,300
Unrestricted federal sources	3,149,730	3,045,327
Sale of capital assets	16,196	
Earnings on investments	212,176	523,143
Miscellaneous	404,637	192,610
Total general revenues	40,887,870	40,253,657
Total revenues	\$ 54,340,118	\$ 48,850,226
EXPENSES		
Instruction	\$ 26,478,458	\$ 26,934,676
Support services	19,725,007	18,185,725
Community services	2,521,096	2,691,448
Bond Issuance Cost		229,048
Lump Sum Payment to PERS		1,000,000
Interest on long-term debt	998,526	934,113
Total expenses	49,723,087	49,975,010
Change in net assets	4,617,031	(1,124,784)
Net position - beginning	(3,096,902)	(1,972,118)
Net position - ending	\$ 1,520,129	\$ (3,096,902)

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021 the District's governmental funds reported combined ending fund balances of \$20,101,307. Approximately \$9,414,507 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 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
General Fund	\$ 19,546,460	\$ 16,698,171	\$ 2,848,289
Special Revenue Fund	415,882	423,641	(7,759)
Debt Service Fund	<u>138,965</u>	<u>40,113</u>	<u>98,852</u>
	<u>\$ 20,101,306</u>	<u>\$ 17,161,925</u>	<u>\$ 2,939,382</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The School Board approved changes to the adopted budget for fiscal year ended June 30, 2021. 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 \$6,461,862 of which \$2,986,593 is for instruction, \$2,592,448 is for support and community services and \$312,821 is for building acquisition and construction (page 57).

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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 increased by \$480,015. The increase is attributed to purchases of equipment and vehicles and to maintenance repairs and upgrades that were completed throughout the District. The summary of net investment in capital assets is as follows:

	Net Value	
	2021	2020
Land	\$ 2,604,701	\$ 2,604,701
Construction in progress	162,931	839,260
Buildings and improvements	39,411,223	38,490,903
Vehicles and equipment	2,419,026	2,183,002
Total capital assets	<u>\$ 44,597,881</u>	<u>\$ 44,117,866</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 \$70,348,287 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 \$36,976,012, compensated absences and early retirement benefits of \$172,638 and post-employment benefits of \$1,431,141.

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

- The most significant economic factor for the District is the Oregon State School Fund. For the year ended June 30, 2021 the State School Fund provided 50.9% of the revenue for the governmental funds and 71.5% of the funding for the general fund.
- Salaries and benefits costs are expected to increase in fiscal year 2021-2022 based on contractual obligations.
- The District’s enrollment is expected to remain flat for fiscal year 2021-2022, which is a slightly reduced number due to COVID-19.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

- The District received the following significant grants in fiscal year 2020-2021:
 - Elementary and Secondary Emergency Relief Funds (ESSER II) in the amount of \$3,719,390 to be spent by September 2023
 - The Student Investment Act is expected to increase from \$841,922 to \$2,141,766 in the upcoming year. Further increases are expected into the future.

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 2021-2022 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 509J
Jefferson County, Oregon

STATEMENT OF NET POSITION

JUNE 30,

	2021	2020
ASSETS		
Cash and investments	\$ 21,743,975	\$ 19,387,594
Receivables	2,930,116	2,053,755
Inventory	65,957	169,614
Prepaid expense	305,057	305,818
Capital assets, net of accumulated depreciation		
Land	2,604,701	2,604,701
Construction in progress	162,931	839,260
Buildings and improvements	39,411,223	38,490,903
Vehicles and equipment	2,419,026	2,183,002
Other postemployment benefit obligation - RHIA	628,297	334,088
TOTAL ASSETS	70,271,283	66,368,735
DEFERRED OUTFLOWS		
Debt refunding proceeds	1,274,224	1,380,409
Pension related	13,137,930	10,857,853
Other postemployment benefit obligation - RHIA	70,654	
Other postemployment benefit obligation - implicit rate subsidy	165,626	52,541
TOTAL DEFERRED OUTFLOWS	14,648,434	12,290,803
LIABILITIES		
Accounts payable	458,855	299,775
Accrued salaries and benefits	3,568,858	3,514,882
Accrued interest payable	23,742	26,926
Deposits	7,050	3,250
Noncurrent liabilities due within one year		
State school fund overpayment		111,704
Early retirement benefits payable	32,346	29,969
Bonds payable	3,580,000	3,601,105
Noncurrent liabilities due within more than one year		
Early retirement benefits payable	91,555	75,447
Accrued compensated absences payable	81,083	93,425
Other postemployment benefit obligation - implicit rate subsidy	1,431,141	1,217,328
Bonds payable, net of unamortized premium/discount	32,020,545	35,600,545
Net pension liability	36,976,012	33,275,922
TOTAL LIABILITIES	78,271,187	77,850,278
DEFERRED INFLOWS		
Debt refunding proceeds		3,096
Pension related	4,147,458	3,144,104
Other postemployment benefit obligation - implicit rate subsidy	456,224	536,618
Other postemployment benefit obligation - RHIA	235,800	63,898
Unearned revenue	288,920	158,447
TOTAL DEFERRED INFLOWS	5,128,402	3,906,163
NET POSITION		
Net investment in capital assets	17,434,151	14,228,268
Restricted for:		
Debt service	112,694	40,113
Federal and state grants	2,629	2,629
Unrestricted	(16,029,345)	(17,367,912)
TOTAL NET POSITION	\$ 1,520,129	\$ (3,096,902)

See notes to financial statements

SCHOOL DISTRICT 509J
Jefferson County, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30,

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
Governmental activities:						
Instruction						
Regular programs	\$ 17,267,613	\$ 207,029	\$ 1,540,845	\$	\$ (15,519,739)	\$ (16,606,428)
Special programs	9,075,780	1,166	3,182,607	\$	(5,892,007)	(6,484,742)
Summer school programs	135,065		135,798		733	(5,781)
Total direct classroom services	26,478,458	208,195	4,859,250		(21,411,013)	(23,096,951)
Support Services						
Student support services	2,724,284	66,624	1,169,755		(1,487,905)	(1,947,518)
Instructional staff support	3,504,947		2,499,019		(1,005,928)	(1,409,605)
General administration	705,304				(705,304)	(694,559)
School administration	3,069,182		58,761		(3,010,421)	(3,027,503)
Business support services	7,578,509	238,571	357,440		(6,982,498)	(7,234,966)
Central activities	2,086,060	58,365	928,858		(1,098,837)	(1,240,024)
Supplemental retirement program	56,721				(56,721)	(19,746)
Total support services	19,725,007	363,560	5,013,833		(14,347,614)	(15,573,921)
Enterprise and Community Services						
Food service	2,123,545	1,482	1,364,410		(757,653)	(368,060)
Community services	321,515		194,305		(127,210)	(136,857)
Children and family services	76,037	10,342	14,655		(51,040)	(39,491)
Total enterprise and community services	2,521,097	11,824	1,573,370		(935,903)	(544,408)
Facilities Acquisition and Construction						
Building construction planning				1,422,216	1,422,216	
Bond Issuance Costs						
Lump Sum Payment to PERS						(229,048)
Interest on long-term debt	998,526				(998,526)	(1,000,000)
Total governmental activities	\$ 49,723,088	\$ 583,579	\$ 11,446,453	\$ 1,422,216	\$ (36,270,840)	\$ (41,378,441)
General revenues:						
Property taxes levied for general purposes				5,080,096		4,685,199
Property taxes levied for debt service				3,173,171		2,794,519
County school fund				127,386		138,043
State school fund - general support				28,470,282		28,644,516
Other Intermediate Sources				14,080		
Common school fund				240,116		230,300
Impact Aid				3,149,730		3,045,327
Gain on sale of capital assets				16,196		
Earnings on investments				212,176		523,143
Miscellaneous				404,637		192,610
Total general revenues				40,887,870		40,253,657
CHANGE IN NET POSITION					4,617,030	(1,124,784)
Net Position - beginning					(3,096,902)	(1,972,118)
Net Position - ending					\$ 1,520,129	\$ (3,096,902)

See notes to financial statements

SCHOOL DISTRICT 509J
Jefferson County, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

ASSETS	General	Special Revenues	Debt Service	Capital	Totals	
					2021	2020
Cash and investments	\$ 20,735,893	\$ 897,134	\$ 110,950	\$	\$ 21,743,975	\$ 19,387,594
Receivables						
Property taxes	226,829		140,094		366,923	412,718
Other	376,722		1,744		378,466	307,061
Reimbursement claims		2,184,725			2,184,725	1,333,977
Due from other funds	1,298,424				1,298,424	814,227
Prepaid expenditures						
Inventory		65,957			65,957	169,614
Total assets	<u>\$ 22,637,868</u>	<u>\$ 3,147,816</u>	<u>\$ 252,789</u>	<u>\$</u>	<u>\$ 26,038,471</u>	<u>\$ 22,425,190</u>
LIABILITIES						
Liabilities						
Accounts payable	\$ 231,814	\$ 227,041	\$	\$	\$ 458,855	\$ 299,775
Accrued payroll liability	2,643,285	925,573			3,568,859	3,514,881
State school fund overpayment						111,704
Deposits	7,050				7,050	3,250
Due to other funds		1,298,424			1,298,424	814,227
Total liabilities	<u>2,882,149</u>	<u>2,451,038</u>			<u>5,333,188</u>	<u>4,743,837</u>
DEFERRED INFLOWS						
Unavailable property taxes	183,827		113,824		297,651	360,981
Unavailable Impact Aid revenue						
Unearned revenue	25,432	280,895			306,327	158,447
Total deferred inflows	<u>209,259</u>	<u>280,895</u>	<u>113,824</u>		<u>603,978</u>	<u>519,428</u>
FUND BALANCES						
Fund balances						
Nonspendable:						
Inventory		65,957			65,957	169,614
Restricted for:						
Debt service			138,965		138,965	40,113
State and local grants and donations		2,629			2,629	2,629
Committed to:						
Bus replacement	1,840,728				1,840,728	1,699,964
Classroom furniture replacement	119,266				119,266	43,882
Equipment replacement	613,156				613,156	555,444
Employee wellness	16,588				16,588	16,613
Maintenance projects	1,858,452				1,858,452	1,879,482
PERS bond reserve	255,100				255,100	257,250
Student activities		344,566			344,566	257,878
Stabilization fund	1,919,432				1,919,432	
Technology replacement fund	1,185,272				1,185,272	794,532
Textbook replacement plan fund	1,797,981				1,797,981	1,638,981
Warm Springs housing	37,251				37,251	73,271
Warm Springs facility	426,334				426,334	426,334
Assigned for:						
Appropriated ending fund balance						3,186,955
Onsite child care		65,124			65,124	
Unassigned	9,476,900	(62,393)			9,414,507	6,118,984
Total fund balances	<u>19,546,460</u>	<u>415,882</u>	<u>138,965</u>		<u>20,101,307</u>	<u>17,161,925</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,637,868</u>	<u>\$ 3,147,816</u>	<u>\$ 252,789</u>	<u>\$</u>	<u>\$ 26,038,471</u>	<u>\$ 22,425,190</u>

See notes to financial statements

SCHOOL DISTRICT 509J
Jefferson County, Oregon

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2021

TOTAL FUND BALANCES (Page 14)		\$ 20,101,307
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	\$ 79,281,472	
Construction in progress	162,931	
Accumulated depreciation	<u>(34,846,521)</u>	44,597,882
The unamortized portion of prepaid expense not reported under the purchase method in the governmental funds		
		305,057
Other postemployment benefit obligation - RHIA is not a financial resource and therefore is not reported in the governmental funds		
		628,297
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		297,652
State school fund receipts		17,407
Impact aid funding		
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		
		(36,976,012)
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	4,145,460	
Differences between expected and actual experience	1,627,392	
Net difference between projected and actual earnings on investment	4,347,899	
Changes in actuarial assumptions and other items related to pensions	(1,130,280)	
Changes of assumptions or inputs - OPEB implicit subsidy	(456,224)	
Benefit payments - OPEB implicit subsidy	165,626	
Net difference between projected and actual earnings and other items related to RHIA	70,654	
Changes in proportionate share and other items related to RHIA	<u>(235,800)</u>	8,534,727
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	(23,742)	
Bonds payable	(35,210,000)	
Unamortized portion of bond issuance premium	(390,545)	
Deferred Outflows	1,274,224	
Compensated absences payable	(81,083)	
Early retirement benefits payable	(123,901)	
Other postemployment benefits obligation	<u>(1,431,141)</u>	<u>(35,986,188)</u>
TOTAL NET POSITION (Page 12)		<u><u>\$ 1,520,129</u></u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	General	Special Revenue	Debt Service	Capital	Totals	
					2021	2020
Revenues						
Local Sources						
Property taxes	\$ 5,101,576	\$	\$ 3,215,021	\$	\$ 8,316,597	\$ 7,477,367
Investment earnings	192,537		19,638		212,175	523,143
Admissions						24,958
PERS bond assessment	1,358,468				1,358,468	1,246,872
Miscellaneous	823,163	402,724			1,225,887	1,321,870
Intermediate sources						
County school fund	127,386				127,386	138,043
Other Intermediate Sources	8,629		5,453		14,082	
Grants	74,195				74,195	73,494
State sources						
State school fund	28,435,239	17,635			28,452,874	28,857,060
Common school fund	240,116				240,116	230,300
Grants		2,836,439		1,323,430	4,159,868	1,263,849
Federal sources	3,206,649	8,340,013			11,546,664	9,150,334
Total revenues	39,567,958	11,596,811	3,240,112	1,323,430	55,728,312	50,307,290
Expenditures						
Current						
Instruction	19,269,138	4,808,335			24,077,473	23,572,020
Support services	14,163,347	4,829,727			18,993,076	17,008,799
Enterprise and community services	148,128	2,309,270			2,457,398	2,581,321
Building acquisition and construction	587,295	98,786		1,323,430	2,009,511	794,646
Capital outlay	575,731	192,212			767,943	585,952
Debt service						
Principal			3,350,000		3,350,000	2,196,351
Interest			1,149,726		1,149,726	1,881,870
Total expenditures	34,743,639	12,238,330	4,499,726	1,323,430	52,805,127	48,620,959
Excess (deficiency) of revenues over (under) expenditures	4,824,319	(641,519)	(1,259,614)		2,923,185	1,686,331
Other financing sources (uses)						
Operating transfers in		633,760	1,358,467		1,992,227	1,681,176
Operating transfers out	(1,992,227)				(1,992,227)	(1,681,176)
Lump Sum Payment to PERS						(1,000,000)
Bond Issuance Costs						(229,048)
Refunding bonds proceeds						24,680,000
Payments to bond escrow agent						(24,446,163)
Proceeds from sale of assets	16,196				16,196	
Total other financing sources and (uses)	(1,976,031)	633,760	1,358,467		16,196	(995,211)
Net change in fund balances	2,848,288	(7,759)	98,853		2,939,381	691,120
Fund balances - beginning of year	16,698,171	423,641	40,113		17,161,925	16,470,805
Fund balances - end of year	\$ 19,546,460	\$ 415,882	\$ 138,965	\$	20,101,307	17,161,925

See notes to financial statements

SCHOOL DISTRICT 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, 2021

NET CHANGE IN FUND BALANCES (Page 16)	\$	2,939,381
Amounts reported for governmental activities in the <i>Statement of Activities</i> 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		17,407
Adjustment to impact aid funds		
Governmental funds report prepayment of expenses under the purchase method		
		(761)
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	2,777,453	
Disposal of capital assets, net of accumulated depreciation		
Less current year depreciation	<u>(2,297,437)</u>	480,016
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		
Debt principal repaid	<u>3,350,000</u>	3,350,000
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	(18,485)	
Accrued compensated absences	12,342	
Other postemployment benefits	172,627	
Net Pension Expense	<u>(2,423,367)</u>	(2,256,883)
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)	251,105	
Amortization of debt refunding	<u>(103,089)</u>	148,016
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.		
		3,184
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>(63,330)</u>
CHANGE IN NET POSITION (Page 13)	\$	<u>4,617,030</u>

See notes to financial statements

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jefferson County School District 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 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 2,800 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 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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 \$115,323 of restricted net position, of which \$112,694 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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 \$53,743.

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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	544,968
Investments	
Oregon Short Term Fund	20,212,726
Jefferson County Investment Pool	984,039
Wasco County Investment Pool	1,042
Total shown on Statement of Net Position	<u>\$ 21,743,975</u>

Deposits

At June 30, 2021 the District held cash of \$544,968 with a bank balance of \$660,198. 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, 2021 the District's cash balances exceeded FDIC insurance by \$410,198.

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, 2021, was \$2,367,089,667 for reported uninsured public funds of \$3,780,572,581. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 3 - CASH AND INVESTMENTS - continued

Investments

As of June 30, 2021 the District held the following investments:

Investment Type	Fair Value	% of investment portfolio
Oregon Short Term Fund	\$ 20,212,726	95.35%
Jefferson and Wasco Counties Investment Pool	985,081	4.65%
	\$ 21,197,807	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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021. 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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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	\$ 5,214,862	\$ 126,784	\$5,341,646
Truncation gain (loss)/roll corrections	1,942		1,942
Compression loss	(142,523)	(4,155)	(146,679)
Levy as extended on tax rolls	\$ 5,074,281	\$ 122,628	\$5,196,909
	Debt Service Fund		
	Jefferson	Wasco	Total
Levy as extended on tax rolls	\$ 3,205,676	\$ 75,444	\$3,281,120

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021:

Property taxes	\$ 366,923
Grants	2,184,725
Other	<u>378,469</u>
	<u><u>\$2,930,116</u></u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 1,298,424	\$
Special Revenue Fund		<u>1,298,424</u>
	<u><u>\$ 1,298,424</u></u>	<u><u>\$ 1,298,424</u></u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 2,604,701	\$	\$	\$ 2,604,701
Construction in progress	839,260		676,329	162,931
Total capital assets not being depreciated	<u>3,443,961</u>		<u>676,329</u>	<u>2,767,632</u>
Capital assets being depreciated				
Building and improvements	66,456,793	2,818,547		69,275,340
Vehicles and equipment	7,262,841	635,236	496,646	7,401,431
Total capital assets being depreciated	<u>73,719,634</u>	<u>3,453,783</u>	<u>496,646</u>	<u>76,676,771</u>
Less accumulated depreciation for				
Buildings and improvements	27,965,891	1,898,227		29,864,118
Vehicles and equipment	5,079,840	399,210	496,646	4,982,404
Total accumulated depreciation	<u>33,045,731</u>	<u>2,297,437</u>	<u>496,646</u>	<u>34,846,522</u>
Total capital assets being depreciated, net	<u>40,673,903</u>	<u>1,156,346</u>		<u>41,830,249</u>
Total capital assets, net	<u>\$ 44,117,866</u>	<u>\$ 1,156,346</u>	<u>\$ 676,329</u>	<u>\$ 44,597,883</u>

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

Instruction	\$ 1,950,618
Special programs	2,640
Business services	323,435
Enterprise and community services	20,745
	<u>\$ 2,297,437</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021 was \$83,746. The future minimum lease payments for the machines are as follows:

Year Ending June 30,	Amount
2022	\$ 78,032
2023	76,127
Total	\$ 154,158

NOTE 8 - LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Adjustments/ Payments	Ending Balance	Due in One Year
Bonds Payable					
General obligation bonds	\$ 29,215,000	\$	\$ 2,470,000	\$ 26,745,000	\$ 2,635,000
Limited tax pension obligation bonds	9,345,000		880,000	8,465,000	945,000
Unamortized premium/discount	641,650		251,105	390,545	
	39,201,650		3,601,105	35,600,545	3,580,000
Other Liabilities					
Early retirement benefits	105,416	55,186	50,230	110,372	32,346
Other post employment benefits	1,217,328	213,813		1,431,141	
Accrued compensated absences	93,424	232,658	244,998	81,084	
Total	\$ 40,617,818	\$ 501,657	\$ 5,193,244	\$ 34,629,320	\$ 3,612,346

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021:

Type	Issue Date	Interest Rates	Beginning Balance	Payments	Ending Balance	Due in One Year
Pension	October 31, 2002	2.06% to 6.1%	\$ 8,465,000	\$	\$ 8,465,000	\$ 945,000
Pension	January 31, 2012	2.75%	880,000	880,000		
General	May 23, 2013	1.25% to 5.0%	4,085,000	1,580,000	2,505,000	1,690,000
General	July 23, 2013	1.25% to 5.0%	825,000	90,000	735,000	105,000
General	March 10, 2020	1.33% to 2.23%	24,305,000	800,000	23,505,000	840,000
Total			<u>\$38,560,000</u>	<u>\$ 3,350,000</u>	<u>\$35,210,000</u>	<u>\$ 3,580,000</u>

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

	Balance	Bond Premium/ Discount, net	Statement of Net Assets
Current	\$ 2,635,000	\$	\$ 2,635,000
Noncurrent	32,575,000	390,545	32,713,496
Total Bonds Payable	<u>\$ 35,210,000</u>	<u>\$ 390,545</u>	<u>\$ 35,348,496</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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
2022	\$ 3,580,000	\$ 1,047,801	\$ 4,627,801
2023	2,795,000	906,972	3,701,972
2024	3,025,000	786,611	3,811,611
2025	3,255,000	693,004	3,948,004
2026	3,485,000	588,166	4,073,166
2027-2031	11,315,000	1,288,599	12,603,599
2032-2035	7,755,000	342,217	8,097,217
	<u>\$ 35,210,000</u>	<u>\$ 5,653,370</u>	<u>\$ 40,863,370</u>

The District is subject to statutory limitations on indebtedness. Presently the District's net bonded debt is \$121,113,899 less than the statutory debt limit. No interest was capitalized during 2021.

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 2.14%. These benefits are in addition to benefits which may become available under the pension plan administered under the Oregon PERS.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM LIABILITIES - continued

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2022	\$ 32,346
2023	31,669
2024	30,796
2025	24,474
Thereafter	4,616
	\$ 123,902

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, 2021 are as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,992,227
Special Revenue Fund	633,760	
Debt Service Fund	1,358,467	
Total	\$ 1,992,227	\$ 1,992,227

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**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, 2021 using entry age normal actuarial funding method. The OPEB liability was determined based on a valuation date of July 1, 2020 and using the following actuarial assumptions:

Discount Rate	3.50%
General Inflation	2.50%
Annual Salary Increases	3.50% Plus merit increases/decreases
Health Care Cost Trend	ranging from (.53)% to 3.72%

Medical:

Year	Rate	Year	Rate
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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**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, 2020, 391 participants were covered under the plan, including 380 active employees and 11 inactive retirees.

Changes in OPEB Liability

Balance as of June 30, 2020	\$ 1,217,328
Changes for the year:	
Service cost	91,978
Interest on total OPEB liability	44,906
Effect of assumptions changes or inputs	129,470
Benefit payments	<u>(52,541)</u>
Balance as of June 30, 2021	<u><u>\$ 1,431,141</u></u>

The District recognized \$133,620 of OPEB expense related to the implicit rate subsidy for the year ended June 30, 2021.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – IMPLICIT RATE SUBSIDY
(continued)**

Sensitivity Analysis

The following analysis presents the net OPEBB liability using a discount rate of 2.25%, as well as what the District’s net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$1,541,663	\$ 1,431,141	\$ 1,326,748

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$1,256,139	\$ 1,431,141	\$ 1,640,447

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 years is calculated as the weighted average of expected remaining service lives assuming zero years for all retirees.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Inflows of Resources	Deferred Outflow of Resources
Difference between expected and actual experience	\$ 166,499	\$
Changes of assumptions or inputs	289,725	113,286
Subtotal	456,224	113,286
Benefit payments		52,340
Total	\$ 456,224	\$ 165,626

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**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>	
2022	\$ (64,210)
2023	(64,210)
2024	(64,210)
2025	(64,210)
2026	(53,845)
Thereafter	<u>(32,253)</u>
	<u>\$ (342,938)</u>

The benefit payments of \$52,340 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, 2020, there were 43,797 plan participants receiving benefits, and there were 47,611 active and 13,044 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, 2021 was \$3,861.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

Net OPEB asset

At June 30, 2021, the District reported an asset of \$628,297 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. 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, 2021, the District recognized net OPEB income of \$192,961. The District’s proportionate share of the collective net OPEB asset was .30835%, an increase from its proportionate share of .17289% of the OPEB liability at the previous measurement date.

Deferred inflows and outflows

At June 30, 2021, the District reported deferred inflows of resources related to RHIA OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$	\$ 64,230
Changes in assumptions		33,397
Net difference between projected and actual earnings on investments	69,872	
Changes in proportionate share	<u>782</u>	<u>138,173</u>
Total	<u>\$ 70,654</u>	<u>\$ 235,800</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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>	
2022	\$ (134,686)
2023	(78,330)
2024	25,829
2025	<u>22,041</u>
	<u>\$ (165,146)</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, 2020, 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, 2020 measurement period was 2.9 years.
- Net difference between projected and actual investment earnings, which is being amortized over a closed five-year period.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 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	3.50 percent
Discount rate	7.20 percent
Long-term expected rate of return	7.20 percent
Retiree healthcare participation	Healthy retirees: 32%; 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, 2018 valuation were based on the results of an actuarial experience study for 2018, published July 24, 2019.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 May 2019 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.

Long-Term Expected Rate of Return ¹

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u> ²	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

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.

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)
	<u> </u>	<u> </u>
1% decrease	6.20%	\$ (507,244)
Current discount rate	7.20%	(628,297)
1% increase	8.20%	(731,802)

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2020 there were 901 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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2020, there were 16,323 active plan members, 129,520 retired plan members or their beneficiaries currently receiving benefits, 9,930 inactive plan members entitled to but not yet receiving benefits for a total of 155,773 Tier One members. For Tier Two members, as of June 30, 2020, there were 31,548 active plan members, 17,162 retired plan members or their beneficiaries currently receiving benefits, 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590 Tier Two members in the System.

The 2003 Legislature enacted HB 2021, 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, 2020, there were 130,806 active plan members, 6,940 retired plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not receiving benefits, and 16,439 inactive plan members not eligible for refund or retirement, for a total of 160,466 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, 2021, the District's total payroll for all employees was \$23,213,904. Total covered payroll was \$21,162,582. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021 was 23.40% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2021 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, 2021 was \$4,149,350. In addition, employee contributions made by the District under employment contracts were \$1,227,516 employee contributions for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$36,976,012 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. 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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

For the year ended June 30, 2021, the District recognized pension expense of \$2,423,367. The District's proportionate share of the collective net pension liability was .169433%, a decrease from its proportionate share of .192373%, at the previous measurement date. At June 30, 2021, 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	\$ 1,627,392	\$
Changes of assumptions	1,984,386	69,529
Net difference between projected and actual earnings on investments	4,347,899	
Changes in proportionate share	285,118	3,608,013
Difference between employer contributions and employer's proportionate share of system contributions	747,645	469,916
Subtotal	8,992,440	4,147,458
District contributions subsequent to the measurement date	4,145,460	
Total	\$ 13,137,900	\$ 4,147,458

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, 2021, 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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

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, 2020 – 5.3 years
- 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 \$4,145,490 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, 2021.

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>	
2022	\$ 819,246
2023	1,630,399
2024	1,473,555
2025	1,023,595
2026	<u>(101,814)</u>
	<u>\$ 4,844,982</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

Actuarial Assumptions

The total pension liability in the December 31, 2018 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, 2018 valuation were based on the results of an actuarial experience study for 2018, published July 24, 2019.

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 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 12 – PUBLIC PENSION RETIREMENT PLAN – continued

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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%	\$ 54,906,325
Current discount rate	7.20%	36,976,012
1% increase	8.20%	21,940,614

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 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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.

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 – SUBSEQUENT EVENTS

The District is working with Ameresco to fund a \$1.5m project for energy savings at several of the schools, we are currently looking into financing with US Bank.

On August 19, 2021, the District participated in the Oregon Education Districts Pension Bond Pool (Full Faith and Credit Pension Obligation Bonds, Series 2021A Federally Taxable) to finance the District's estimated PERS unfunded liability. The District issued \$31,905,000 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.

At the November 2021 election, Jefferson County School District 509J voters approved a \$24 million bond measure which will be matched with a \$4 million matching grant from the State of Oregon's OSCIM program. The District plans to issue bonds in early 2022 with bond projects estimated to being in the summer of 2022.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
Revenues						
Property taxes	\$ 4,750,000	\$ 4,750,000	\$ 5,101,576	\$	\$ 5,101,576	\$ 351,576
Investment earnings	442,850	442,850	192,537		192,537	(250,313)
Admissions	28,500	28,500				(28,500)
Other local sources	2,183,747	2,183,747	2,181,631		2,181,631	(2,116)
Intermediate sources	120,000	120,000	210,210		210,210	90,210
State sources	29,251,667	29,251,667	28,675,355		28,675,355	(576,312)
Federal sources	2,915,000	2,915,000	3,206,649		3,206,649	291,649
Total revenues	39,691,764	39,691,764	39,567,958		39,567,958	(123,806)
Expenditures						
Current						
Instruction	22,255,730	22,255,730	19,269,137		19,269,137	(2,986,593)
Support services	17,260,713	17,219,713	14,679,961	(516,614)	14,163,347	(2,539,752)
Community services	218,941	259,941	207,245	(59,117)	148,128	(52,696)
Facilities acquisition	900,116	900,116	587,295		587,295	(312,821)
Contingency	570,000	570,000				(570,000)
Capital outlay				575,731	575,731	
Total expenditures	41,205,500	41,205,500	34,743,638		34,743,638	(6,461,862)
Excess (deficiency) of revenues over (under) expenditures	(1,513,736)	(1,513,736)	4,824,320		4,824,320	6,338,056
Other financing sources (uses)						
Operating transfers in	455,690	455,690				(455,690)
Operating transfers out	(2,128,909)	(2,128,909)	(1,992,227)		(1,992,227)	136,682
Proceeds from sales of assets			16,196		16,196	16,196
Total other financing sources and (uses)	(1,673,219)	(1,673,219)	(1,976,031)		(1,976,031)	(302,812)
Net change in fund balance	(3,186,955)	(3,186,955)	2,848,289		2,848,289	6,035,244
Fund balance - beginning of year	14,377,947	14,377,947	16,698,171		16,698,171	2,320,224
Fund balance - end of year	\$ 11,190,992	\$ 11,190,992	\$ 19,546,459	\$	\$ 19,546,459	\$ 8,355,468

The adjustments column represents differences between Budget and GAAP basis of accounting. Oregon local budget law required 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 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Other local sources	\$ 511,152	\$ 702,767	\$ 402,724	\$	\$ 402,724	\$ (300,043)
Intermediate sources						
State sources	4,304,706	2,992,309	2,854,074		2,854,074	(138,235)
Federal sources	7,757,016	10,783,250	8,340,013		8,340,013	(2,443,237)
Total revenues	12,572,874	14,478,327	11,596,811		11,596,811	(2,881,516)
<u>Expenditures</u>						
Current						
Instruction	5,111,690	5,897,997	4,808,335		4,808,335	(1,089,662)
Support services	4,900,568	6,081,542	5,021,939	(192,212)	4,829,727	(1,059,603)
Community services	2,875,175	2,966,893	2,309,270		2,309,270	(657,623)
Facilities acquisition	195,000	41,454	98,786		98,786	57,332
Capital outlay				192,212	192,212	
Total expenditures	13,082,433	14,987,886	12,238,330		12,238,330	(2,749,556)
Excess (deficiency) of revenues over (under) expenditures	(509,559)	(509,559)	(641,519)		(641,519)	(131,960)
<u>Other financing sources (uses)</u>						
Operating transfers in	309,512	309,512	633,760		633,760	324,248
Total other financing sources and (uses)	309,512	309,512	633,760		633,760	324,248
Net change in fund balance	(200,047)	(200,047)	(7,759)		(7,759)	192,288
Fund balance - beginning of year	330,047	330,047	423,641		423,641	93,594
Fund balance - end of year	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 415,882</u>	<u>\$</u>	<u>\$ 415,882</u>	<u>\$ 285,882</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 capital outlay.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEARS ENDED JUNE 30,

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
2021	0.169433%	36,976,012	\$ 20,755,269	178.2%	75.8%
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 509J
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
PENSION 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
2021	\$ 4,145,460	\$ 4,145,460	\$	\$ 21,162,582	19.59%
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 509J
Jefferson County, Oregon

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

YEARS ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB, beginning	<u>\$ 1,217,328</u>	<u>\$ 1,618,036</u>	<u>\$ 1,551,576</u>	<u>\$ 1,591,593</u>
Service Cost	91,978	172,643	166,211	173,218
Interest on total OPEB liability	44,906	66,841	59,355	47,921
Difference between expected and actual experience		(221,999)		
Effect of assumptions changes or inputs	129,470	(291,155)	(38,369)	(93,252)
Benefit payments	<u>(52,541)</u>	<u>(127,038)</u>	<u>(120,737)</u>	<u>(167,904)</u>
Net change in OPEB liability	<u>213,813</u>	<u>(400,708)</u>	<u>66,460</u>	<u>(40,017)</u>
Total OPEB, ending	<u><u>\$ 1,431,141</u></u>	<u><u>\$ 1,217,328</u></u>	<u><u>\$ 1,618,036</u></u>	<u><u>\$ 1,551,576</u></u>

Notes to RSI

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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
OTHER POST-EMPLOYMENT 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
2021	0.30835103	%	\$ (628,297)	\$	20,755,269	(3.0) %	(150.09) %
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 509J
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS
OTHER POST-EMPLOYMENT 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
2021	\$ 3,861	\$ 3,861	\$	\$ 21,162,582	0.02%
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 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
Revenues						
Property taxes	\$ 3,116,850	\$ 3,116,850	\$ 3,215,021	\$	\$ 3,215,021	\$ 98,171
Investment earnings	19,250	19,250	19,638		19,638	388
Other Intermediate Sources			5,453		5,453	5,453
Total revenues	3,136,100	3,136,100	3,240,112		3,240,112	104,012
Expenditures						
Current						
Debt service	4,499,807	4,499,807	4,499,726	(4,499,726)		(81)
Principal				3,350,000	3,350,000	
Interest				1,149,726	1,149,726	
Total expenditures	4,499,807	4,499,807	4,499,726		4,499,726	(81)
Excess (deficiency) of revenues over (under) expenditures	(1,363,707)	(1,363,707)	(1,259,614)		(1,259,614)	104,093
Other financing sources (uses)						
Operating transfers in	1,363,707	1,363,707	1,358,467		1,358,467	(5,240)
	1,363,707	1,363,707	1,358,467		1,358,467	(5,240)
Net change in fund balance			98,853		98,853	98,853
Fund balance - beginning of year			40,113		40,114	40,113
Fund balance - end of year	\$	\$	\$ 138,965	\$	\$ 138,967	\$ 138,966

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 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		GAAP Basis	Variance with Final Budget Over (Under)
	Adopted	Final		
<u>Revenues</u>				
State grant	\$ 1,700,000	\$ 1,700,000	\$ 1,323,430	\$ (376,570)
<u>Expenditures</u>				
Facilities acquisition	1,700,000	1,700,000	1,323,430	(376,570)
Excess (deficiency) of revenues over (under) expenditures	_____	_____	_____	_____
Net change in fund balance	_____	_____	_____	_____
Fund balance - beginning of year	_____	_____	_____	_____
Fund balance - end of year	\$ _____	\$ _____	\$ _____	\$ _____

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

<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	\$ 10,656,611	\$ 1,840,728	\$ 16,667	\$ 53,472	\$ 13,402	\$ 119,266	\$ 1,168,835
Receivables							
Property taxes	226,829						
Other	327,257						16,437
Due from other funds	1,298,424						
Total assets	\$ 12,509,121	\$ 1,840,728	\$ 16,667	\$ 53,472	\$ 13,402	\$ 119,266	\$ 1,185,272
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 198,705	\$	\$	\$ 1,146	\$ 3,365	\$	\$
Accrued payroll liability	2,632,281		79		10,037		
Other current liabilities							
Tenant deposit				7,050			
Total liabilities	2,830,986		79	8,196	13,402		
<u>DEFERRED INFLOWS</u>							
Unavailable property taxes	183,828						
Unearned revenue	17,407			8,025			
Total deferred inflows	201,235			8,025			
<u>FUND BALANCES</u>							
Committed to:							
Bus replacement		1,840,728					
Classroom furniture replacement						119,266	
Equipment replacement							
Employee Wellness			16,588				
Maintenance projects							
Performing arts center fund							
Stabilization of general fund							
Technology replacement plan fund							1,185,272
Textbook replacement plan fund							
Warm Springs housing				37,251			
Warm Springs school construction							
Assigned to:							
Appropriated ending fund balance							
Unassigned	9,476,900						
Total fund balances	9,476,900	1,840,728	16,588	37,251		119,266	1,185,272
Total liabilities, deferred inflows and fund balances	\$ 12,509,121	\$ 1,840,728	\$ 16,667	\$ 53,472	\$ 13,402	\$ 119,266	\$ 1,185,272

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

<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	\$ 1,798,867	\$ 602,595	\$ 1,864,584	\$ 255,100
Receivables				
Property taxes				
Other		10,561	22,468	
Due from other funds				
Total assets	<u>\$ 1,798,867</u>	<u>\$ 613,156</u>	<u>\$ 1,887,052</u>	<u>\$ 255,100</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$ 28,600	\$
Accrued payroll liability	886			
Other current liabilities				
Tenant deposit				
Total liabilities	<u>886</u>		<u>28,600</u>	
<u>DEFERRED INFLOWS</u>				
Deferred revenues				
Unearned revenue				
Total deferred inflows				
<u>FUND BALANCES</u>				
Committed to:				
Bus replacement				
Classroom furniture replacement				
Equipment replacement		613,156		
Employee Wellness				
Maintenance projects			1,858,452	
Performing arts center fund				
PERS reserve fund				255,100
Technology replacement plan fund				
Textbook replacement plan fund	1,797,981			
Warm Springs housing				
Warm Springs school construction				
Assigned to:				
Appropriated ending fund balance				
Unassigned				
Total fund balances	<u>1,797,981</u>	<u>613,156</u>	<u>1,858,452</u>	<u>255,100</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,798,867</u>	<u>\$ 613,156</u>	<u>\$ 1,887,052</u>	<u>\$ 255,100</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

<u>ASSETS</u>	118 -Warm Springs Facility	119 -Warm Springs Facility	Total	
			2021	2020
Cash and investments	\$ 1,919,432	\$ 426,334	\$ 20,735,893	\$ 18,809,479
Receivables				
Property taxes			226,829	258,206
Other			376,723	307,061
Due from other funds			1,298,424	814,227
Total assets	\$ 1,919,432	\$ 426,334	\$ 22,637,869	\$ 20,188,973
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$	\$	\$ 231,814	\$ 166,805
Accrued payroll liability			2,643,283	2,980,096
Other current liabilities				111,704
Tenant deposit			7,050	3,250
Total liabilities			2,882,147	3,261,855
<u>DEFERRED INFLOWS</u>				
Unavailable property taxes			183,828	225,677
Unearned revenue			25,432	3,270
Total deferred inflows			209,260	228,947
<u>FUND BALANCES</u>				
Committed to:				
Bus replacement			1,840,728	1,699,964
Classroom furniture replacement			119,266	43,882
Equipment replacement			613,156	555,444
Employee wellness			16,588	16,613
Maintenance projects			1,858,452	1,879,482
Performing arts center fund				
Stabilization of general fund	1,919,432		2,174,532	257,250
Technology replacement plan fund			1,185,272	794,532
Textbook replacement plan fund			1,797,981	1,638,981
Warm Springs housing			37,251	73,271
Warm Springs school construction		426,334	426,334	426,334
Assigned to:				
Appropriated ending fund balance				3,186,955
Unassigned			9,476,900	6,125,463
Total fund balances	1,919,432	426,334	19,546,460	16,698,171
Total liabilities, deferred inflows and fund balances	\$ 1,919,432	\$ 426,334	\$ 22,637,869	\$ 20,188,973

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	106 - Furniture Replacement Fund	107 - Technology Replacement Fund
Revenues							
Property taxes	\$ 5,101,576	\$	\$	\$	\$	\$	\$
Interest	192,537						
Admissions							
Other local sources	2,069,044			36,945	841		56,477
Intermediate sources	136,015						
State sources	28,436,203	239,152					
Federal sources	3,206,649						
Total revenues	39,142,024	239,152		36,945	841		56,477
Expenditures							
Current							
Instruction	19,232,457					9,616	
Support services	13,893,315		6,525	10,771	86,723		15,737
Enterprise and community services	30,000				90,871		
Capital outlay	37,408	385,888		62,193			
Total expenditures	33,193,180	385,888	6,525	72,964	177,594	9,616	15,737
Excess (deficiency) of revenues over (under) expenditures	5,948,844	(146,736)	(6,525)	(36,019)	(176,753)	(9,616)	40,740
Other financing sources (uses)							
Operating transfers in		287,500	6,500		176,753	85,000	350,000
Operating transfers out	(5,784,362)						
Lump Sum Payment to PERS							
Gain on sale of capital assets							
Total other financing sources and (uses)	(5,784,362)	287,500	6,500		176,753	85,000	350,000
Net change in fund balance	164,482	140,764	(25)	(36,019)		75,384	390,740
Fund balance - beginning of year	9,312,418	1,699,964	16,613	73,271		43,882	794,532
Fund balance - end of year	\$ 9,476,900	\$ 1,840,728	\$ 16,588	\$ 37,251	\$	\$ 119,266	\$ 1,185,272

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	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			18,322	
Intermediate sources			74,195	
State sources				
Federal sources				
Total revenues			92,517	
<u>Expenditures</u>				
Current				
Instruction	12,066	14,997		
Support services	28,934	7,113	112,078	2,150
Enterprise and community services		27,257		
Facilities acquisition and construction			587,294	
Capital outlay		59,117	31,125	
Total expenditures	41,000	108,484	730,497	2,150
Excess (deficiency) of revenues over (under) expenditures	(41,000)	(108,484)	(637,980)	(2,150)
<u>Other financing sources (uses)</u>				
Operating transfers in	200,000	150,000	616,950	
Operating transfers out				
Lump Sum Payment to PERS				
Gain on sale of capital assets		16,196		
Total other financing sources and (uses)	200,000	166,196	616,950	
Net change in fund balance	159,000	57,712	(21,030)	(2,150)
Fund balance - beginning of year	1,638,981	555,444	1,879,482	257,250
Fund balance - end of year	\$ 1,797,981	\$ 613,156	\$ 1,858,452	\$ 255,100

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	118 - Stabilization Fund	119 - Warm Springs Facility	Total	
			2021	2020
<u>Revenues</u>				
Property taxes	\$	\$	\$ 5,101,576	\$ 4,684,466
Interest			192,537	486,786
Admissions				24,958
Other local sources			2,181,629	2,066,427
Intermediate sources			210,210	211,537
State sources			28,675,355	29,074,034
Federal sources			3,206,650	3,108,955
			<hr/>	<hr/>
Total revenues			39,567,959	39,657,165
			<hr/>	<hr/>
<u>Expenditures</u>				
Current				
Instruction			19,269,135	20,233,320
Support services			14,163,349	14,984,012
Enterprise and community services			148,128	122,013
Facilities acquisition and construction			587,295	501,904
Capital outlay			575,731	558,963
			<hr/>	<hr/>
Total expenditures			34,743,638	36,400,212
			<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures			4,824,321	3,256,953
			<hr/>	<hr/>
Other financing sources (uses)				
Operating transfers in	1,919,432		3,792,135	2,267,276
Operating transfers out			(5,784,362)	(3,948,452)
Lump Sum Payment to PERS				(1,000,000)
Gain on sale of capital assets			16,196	
			<hr/>	<hr/>
Total other financing sources and (uses)	1,919,432		(1,976,031)	(2,681,176)
			<hr/>	<hr/>
Net change in fund balance	1,919,432		2,848,290	575,777
			<hr/>	<hr/>
Fund balance - beginning of year		426,334	16,698,171	16,122,395
			<hr/>	<hr/>
Fund balance - end of year	\$ 1,919,432	\$ 426,334	\$ 19,546,460	\$ 16,698,171
			<hr/>	<hr/>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	201 - Miscellaneous Federal Grants	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	210 - CARES ESSER Grant	211 - District School Improvement Grant	212 - WS K-8 School Improvement Grant	213 - IDEA	215 - Early Learning Head Start	216 - Title III: English Language Acquisition
ASSETS														
Cash and investments	\$	\$	\$ 86,334	\$ 7,472	\$	\$ 10,057	\$ 511	\$	\$	\$ 6,511	\$	\$ 22,780	\$ 57,829	\$ 7,750
Receivables - reimbursement claims		461,750	10,980	9,537	31,555	712		65,315	485,786	16,069		55,492		
Inventory														
Total assets	\$	\$ 461,750	\$ 97,314	\$ 17,009	\$ 31,555	\$ 10,769	\$ 511	\$ 65,315	\$ 485,786	\$ 22,580	\$	\$ 78,272	\$ 57,829	\$ 7,750
LIABILITIES AND FUND BALANCES														
Liabilities														
Accounts payable	\$	\$ 300	\$	\$ 776	\$	\$	\$	\$	\$	\$	\$	\$ 42,882	\$	\$
Accrued payroll liability		33,651	97,314	16,233	12,187	10,769	511	7,187	178,859	22,580		35,390	649	7,750
Deposits														
Due to other funds		427,799			19,367			58,128	306,927					
Total liabilities		461,750	97,314	17,009	31,554	10,769	511	65,315	485,786	22,580		78,272	649	7,750
DEFERRED INFLOWS														
Deferred Revenues													57,180	
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	\$	\$ 461,750	\$ 97,314	\$ 17,009	\$ 31,554	\$ 10,769	\$ 511	\$ 65,315	\$ 485,786	\$ 22,580	\$	\$ 78,272	\$ 57,829	\$ 7,750

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	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	\$	\$ 77,788				\$ 76,070		
Receivables - reimbursement claims		17,828	134,322	2,827			136,869	\$ 300,100
Inventory								
Total assets	\$	\$ 95,616	\$ 134,322	\$ 2,827	\$	\$ 76,070	\$ 136,869	\$ 300,100
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities								
Accounts payable	\$	\$ 7,494	\$ 47,135	\$	\$	\$	\$	\$ 45,765
Accrued payroll liability		88,122	19,495	515		46,098	52,796	72,545
Deposits								
Due to other funds			67,692	2,312			84,073	82,176
Total liabilities		95,616	134,322	2,827		46,098	136,869	200,486
<u>DEFERRED INFLOWS</u>								
Deferred Revenues						29,972		99,614
<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	\$	\$ 95,616	\$ 134,322	\$ 2,827	\$	\$ 76,070	\$ 136,869	\$ 300,100

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	254 - Outdoor School	255 - SMILE	256 - Preschool Promise	257 - State Summer School	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	\$	\$ 125	\$	\$	\$ 306,619	\$ 34,137	\$ 98,800	\$ 95,331	\$ 74,173	\$
Receivables - reimbursement claims			50,763	298,566	4,698					
Inventory										
Total assets	\$	\$ 125	\$ 50,763	\$ 298,566	\$ 311,317	\$ 34,137	\$ 98,800	\$ 426	\$ 74,173	\$
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$	\$	\$	\$ 59,854	\$ 888	\$	\$ 2,042	\$	\$	\$
Accrued payroll liability		125	28,507	11,019				426	9,049	
Deposits										
Due to other funds			22,256	227,693						
Total liabilities		125	50,763	298,566	888		2,042	426	9,049	
DEFERRED INFLOWS										
Deferred Revenues							94,129			
FUND BALANCES										
Nonspendable:										
Inventory and prepaid expenses										
Restricted for:										
Federal Programs										
State and local grants and donations							2,629			
Committed to:										
Student Activities					310,429	34,137				
Assigned for:										
Onsite child care									65,124	
Total fund balances					310,429	34,137	2,629		65,124	
Total liabilities, fund balances and deferred inflows	\$	\$ 125	\$ 50,763	\$ 298,566	\$ 311,317	\$ 34,137	\$ 98,800	\$ 426	\$ 74,173	\$

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	299 - Food Services	Total	
		2021	2020
<u>ASSETS</u>			
Cash and investments	\$ 30,084	\$ 897,135	\$ 557,211
Receivables - reimbursement claims	101,223	2,184,723	1,318,665
Inventory	65,957	65,957	169,614
	<u>\$ 197,264</u>	<u>\$ 3,147,815</u>	<u>\$ 2,045,490</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 19,906	\$ 227,045	\$ 129,771
Accrued payroll liability	173,794	925,571	534,784
Deposits			
Due to other funds		1,298,423	802,117
	<u>193,700</u>	<u>2,451,039</u>	<u>1,466,672</u>
<u>DEFERRED INFLOWS</u>			
Unearned revenue		280,895	155,177
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory and prepaid expenses	65,957	65,957	169,614
Restricted for:			
Federal Programs			
State and local grants and donations		2,629	2,629
Committed to:			
Student Activities		344,565	257,878
Assigned for:			
Onsite child care		65,124	
Unassigned	(62,393)	(62,393)	(6,479)
	<u>3,564</u>	<u>415,882</u>	<u>423,641</u>
Total fund balances			
Total liabilities, fund balances and deferred inflows	<u>\$ 197,264</u>	<u>\$ 3,147,815</u>	<u>\$ 2,045,490</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	201 - Miscellaneous Federal Grants	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	210 - CARES ESSER Grant	211 - District School Improvement	212 - WS K-8 School Improvement	213 - IDEA	215 - Early Learning Head Start	216 - Title III: English Language
Revenues														
Other local sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intermediate sources														
State sources														
Federal sources	209,028	986,538	1,233,779	410,657	254,658	308,701	12,577	121,795	1,118,727	91,605		408,398	13,451	83,044
Total revenues	209,028	986,538	1,233,779	410,657	254,658	308,701	12,577	121,795	1,118,727	91,605		408,398	13,451	83,044
Expenditures														
Current														
Instruction	1,842		791,496	240,591	169,889	162,739	9,640		249,841			315,142		7,744
Support services	207,186	986,538	436,844	91,814	84,769	145,962	2,937	121,795	862,896	91,605		93,256		1,326
Enterprise and community services			5,439	78,252					5,990				13,451	73,974
Facilities acquisition and construction														
Capital outlay														
Total expenditures	209,028	986,538	1,233,779	410,657	254,658	308,701	12,577	121,795	1,118,727	91,605		408,398	13,451	83,044
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 an														
Net change in fund balance														
Fund balance - beginning of year														
Fund balance - end of year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	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						811,950	677,288	809,995
Federal sources	52,653	1,451,890	236,597	7,798				
Total revenues	<u>52,653</u>	<u>1,451,890</u>	<u>236,597</u>	<u>7,798</u>		<u>811,950</u>	<u>677,288</u>	<u>809,995</u>
<u>Expenditures</u>								
Current								
Instruction	38,304	1,000,191	218,029			263,875	632,131	257,454
Support services	12,611	447,576	8,618	7,798		548,075	45,157	459,563
Enterprise and community services	1,738	4,123						18,012
Facilities acquisition and construction								74,966
Capital outlay			9,950					
Total expenditures	<u>52,653</u>	<u>1,451,890</u>	<u>236,597</u>	<u>7,798</u>		<u>811,950</u>	<u>677,288</u>	<u>809,995</u>
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	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	254 - Outdoor School	255 - SMILE	256 - Preschool Promise	257 - State Summer School	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	\$	\$	\$	\$	\$ 178,903	\$ 5,171	\$ 205,660	\$ 1,166	\$ 10,342	\$
Intermediate sources										
State sources			228,568	298,538				4,000		
Federal sources								4,039		
Total revenues			228,568	298,538	178,903	5,171	205,660	9,205	10,342	
Expenditures										
Current										
Instruction		2,359	175,840	132,942	78,625	18,665	36,153	4,842		
Support services			13,419	12,363		96	137,072	4,363		6,089
Enterprise and community services							18,895		58,682	
Facilities acquisition and construction				23,820						
Capital outlay			39,309	129,414			13,539			
Total expenditures		2,359	228,568	298,539	78,625	18,761	205,659	9,205	58,682	6,089
Excess (deficiency) of revenues over (under) expenditures		(2,359)		(1)	100,278	(13,590)	1		(48,340)	(6,089)
Other financing sources (uses)										
Operating transfers in		2,359							113,464	6,089
Operating transfers out										
Gain (loss) on sale of capital assets										
Total other financing sources and (uses)		2,359							113,464	6,089
Net change in fund balance				(1,000)	100,278	(13,590)	1		65,124	
Fund balance - beginning of year					210,151	47,727	2,629			
Fund balance - end of year	\$	\$	\$	\$ (1)	\$ 310,429	\$ 34,137	\$ 2,630	\$	\$ 65,124	\$

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	299 - Food Services	Total	
		2021	2020
<u>Revenues</u>			
Other local sources	\$ 1,482	\$ 402,725	\$ 502,315
Intermediate sources			
State sources	23,736	2,854,076	1,149,528
Federal sources	1,334,078	8,340,012	6,041,377
Total revenues	<u>1,359,296</u>	<u>11,596,813</u>	<u>7,693,220</u>
<u>Expenditures</u>			
Current			
Instruction		4,808,337	3,338,700
Support services		4,829,730	2,024,785
Enterprise and community services	2,030,715	2,309,269	2,459,308
Facilities acquisition and construction		98,786	165,094
Capital outlay		192,212	26,989
Total expenditures	<u>2,030,715</u>	<u>12,238,334</u>	<u>8,014,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(671,419)</u>	<u>(641,521)</u>	<u>(321,656)</u>
Other financing sources (uses)			
Operating transfers in	511,848	633,759	434,305
Gain (loss) on sale of capital assets			
Total other financing sources and (uses)	<u>511,848</u>	<u>633,759</u>	<u>434,305</u>
Net change in fund balance	<u>(159,571)</u>	<u>(7,762)</u>	<u>112,649</u>
Fund balance - beginning of year	<u>163,135</u>	<u>423,644</u>	<u>310,992</u>
Fund balance - end of year	<u>\$ 3,564</u>	<u>\$ 415,882</u>	<u>\$ 423,641</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

<u>ASSETS</u>	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2021	2020
Cash and investments	\$ 11,556	\$ 99,394	\$ 110,950	\$ 20,906
Receivables		1,745	1,745	
Property taxes		140,094	140,094	154,511
Total assets	\$ 11,556	\$ 241,233	\$ 252,789	\$ 175,417
 <u>DEFERRED INFLOWS</u>				
Unavailable property taxes		113,824	113,824	135,304
Total deferred inflows		113,824	113,824	135,304
 <u>FUND BALANCES</u>				
Restricted for:				
Debt Service	11,556	127,409	138,965	40,113
Total fund balances	11,556	127,409	138,965	40,113
Total liabilities, deferred inflows and fund balances	\$ 11,556	\$ 241,233	\$ 252,789	\$ 175,417

SCHOOL DISTRICT 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	303 - PERS	304 - 2013 GO	Total	
	Bonds	Bonds	2021	2020
<u>Revenues</u>				
Property taxes	\$	\$ 3,215,021	\$ 3,215,021	\$ 2,792,901
Intermediate sources		5,451	5,451	
Interest	5,065	14,574	19,638	36,357
Total revenues	5,065	3,235,046	3,240,110	2,829,258
<u>Expenditures</u>				
Principal	880,000	2,470,000	3,350,000	2,196,351
Interest	492,707	657,019	1,149,726	1,881,870
Total expenditures	1,372,707	3,127,019	4,499,726	4,078,221
Excess (deficiency) of revenues over (under) expenditures	(1,367,642)	108,027	(1,259,616)	(1,248,963)
<u>Other financing sources (uses)</u>				
Operating transfers in	1,358,468		1,358,468	1,246,871
Bond Issuance Costs				(229,048)
Refunding bonds proceeds				24,680,000
Payments to bond escrow agent				(24,446,163)
Total other financing sources and (uses)	1,358,468		1,358,469	1,251,660
Net change in fund balance	(9,174)	108,027	98,852	2,697
Fund balance - beginning of year	20,730	19,383	40,113	37,417
Fund balance - end of year	\$ 11,556	\$ 127,409	\$ 138,965	\$ 40,113

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SCHEDULE OF FUTURE MATURITIES - BOND AND BOND INTEREST

JUNE 30,

Year of Maturity	Total	Issue Date October 31, 2002		Issue Date May 23, 2013		Issue Date July 23, 2013		Issue Date March 20, 2020	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 40,863,370</u>	<u>\$ 8,465,000</u>	<u>\$ 1,930,848</u>	<u>\$ 2,505,000</u>	<u>\$ 138,400</u>	<u>\$ 735,000</u>	<u>\$ 54,600</u>	<u>\$ 23,505,000</u>	<u>\$ 3,529,522</u>

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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

SUPPLEMENTAL INFORMATION FOR DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2021

Item A	Energy bills for heating		Objects 325,
	All Funds	Function	326 & 327
		2540	\$ 664,461
		2550	9,057
Item B	Replacement of Equipment - General Fund In object 542 except for excluded functions		

SCHOOL DISTRICT 509J
Jefferson County, Oregon

REVENUE SUMMARY

YEAR ENDED JUNE 30, 2021

	<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	\$ 5,101,576	\$	3,215,021	\$	\$ 8,316,597
1300 Tuition	15,966				15,966
1415 Transportation Fees from Within District	7,086				7,086
1500 Earnings on Investments	192,537		19,638		212,176
1600 Food Service		66			66
1700 Extra-Curricular Activities		60,864			60,864
1800 Childcare		10,342			10,342
1910 Rentals	64,847				64,847
1920 Contributions and Donations		237,671			237,671
1980 Federal Indirect Cost	404,637				404,637
1990 Miscellaneous	1,689,093	93,779			1,782,872
Total Revenue from Local Sources	<u>7,475,743</u>	<u>402,722</u>	<u>3,234,659</u>		<u>11,113,124</u>
Intermediate Sources					
2101 County School Funds	127,386				127,386
2199 Other Intermediate Sources	8,629		5,451		14,080
2200 Restricted Revenue	74,195				74,195
Total Revenue from Intermediate Sources	<u>210,211</u>		<u>5,451</u>		<u>215,662</u>
State Sources					
3101 State School Fund-General Support	28,435,239	17,635			28,452,875
3103 Common School Fund	240,116				240,116
3200 Restricted Grants-In-Aid		2,836,439		1,323,430	4,159,870
Total Revenue from State Sources	<u>28,675,355</u>	<u>2,854,075</u>		<u>1,323,430</u>	<u>32,852,860</u>
Federal Sources					
4201 Foster Care Transportation					
4300 Restricted Revenue Direct From Federal	56,919	3,054,440			3,111,360
4500 Restricted Revenue Through the State		5,128,448			5,128,448
4700 Grants-In-Aid From the Federal		19,320			19,320
4801 Federal Forest Fees					
4802 Impact Aid to School Districts	3,149,730				3,149,730
4900 Revenue for/on Behalf of the District		137,805			137,805
Total Revenue from Federal Sources	<u>3,206,649</u>	<u>8,340,013</u>			<u>11,546,663</u>
Other Sources					
5100 Long Term Debt Financing Sources					
5120 Premiums on Sale of Bonds					
5200 Interfund Transfers	3,792,135	633,760	1,358,468		5,784,362
5300 Sale of Fixed Assets	16,196				16,196
5400 Resources - Beginning Fund Balance	16,698,168	423,642	40,113		17,161,923
Total Revenue from Other Sources	<u>20,506,499</u>	<u>1,057,402</u>	<u>1,398,580</u>		<u>22,962,481</u>
Grand Totals	<u>\$ 60,074,457</u>	<u>\$ 12,654,212</u>	<u>\$ 4,638,691</u>	<u>\$ 1,323,430</u>	<u>\$ 78,690,790</u>

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

**GENERAL FUND (100)
EXPENDITURE SUMMARY**

YEAR ENDED JUNE 30, 2021

	<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>Instruction</u>								
1111 Primary Education	\$ 7,230,172	\$ 4,415,286	\$ 2,672,093	\$ 41,090	\$ 90,764	\$	\$ 10,938	\$
1121 Middle/Junior High Programs	2,805,953	1,720,202	991,079	16,828	71,602		6,242	
1122 Middle/Junior High School Extracurricular	120,860	63,716	33,486	2,198	21,280		180	
1131 High School Programs	2,782,532	1,699,079	958,381	65,439	59,533		100	
1132 High School Extra-curricular	630,403	368,449	168,481	43,320	43,372		6,782	
1210 Programs for the Talented and Gifted	63,576	39,900	21,766		1,911			
1220 Programs for the Students with Mental Disabilities	1,552,276	893,492	657,309		1,475			
1221 Programs for the Students with Mental Disabilities								
1223 Community Transition Center	201,403	99,828	56,200	1,671			43,704	
1227 Extended school year instruction	29,250	23,112	6,012		126			
1229 Behavioral Program	618,031	376,315	241,472		243			
1250 Less Restrictive Programs fro Students with Disabilities	1,570,378	982,380	584,617		3,381			
1283 District Alternative Education	595,332	321,208	217,581	39,184	14,753		2,607	
1291 English Second Language Programs	1,068,972	633,892	434,111		969			
1460 Special Programs, Summer School								
1296 Indian Education								
Total Instruction	19,269,138	11,636,858	7,042,588	209,730	309,409		70,552	
<u>Support Services</u>								
2112 Attendance Services	68,257	37,413	30,844					
2114 Student Accounting Services	226,435	134,154	92,281					
2115 Student Safety	156,083			156,083				
2122 Counseling Services	451,147	286,300	163,346		1,501			
2130 Health Services	192,868	115,514	56,223	1,054	19,938		140	
2150 Speech Pathology and Audiology Services	65,236	33,797	31,438					
2160 Other Student Treatment Services	83,835			83,835				
2190 Service Direction: Student Support Services	254,924	135,883	71,094	46,707	1,241			
2211 Service Area Direction	386,380	231,526	139,650	250	13,739		1,215	
2213 Curriculum Development	1,834	915	421		498			
2220 Educational Media Services	383,602	201,736	159,086		22,476		304	
2230 Assessment and Testing	30,466	24,049	3,528		2,889			
2240 Instructional Staff Development	98,590	7,078	47,520	7,835	36,157			
2244 Administrative Staff Development								
2310 Board of Education Services	162,588			148,237	6,190		8,161	
2321 Office of Superintendent Services	505,099	325,625	171,344	2,359	4,705		1,065	
2329 Other Executive Administrative Services	24,339			15,543	8,795			
2410 Office of the Principal Services	2,965,406	1,655,557	1,057,991	102,993	122,647	23,113	3,104	
2520 Fiscal Services	703,676	380,101	186,172	93,356	41,137		2,910	
2528 Risk Management Services	101,066			2,394			98,672	
2542 Care and Upkeep of Buildings Services	2,900,733	1,041,862	735,480	726,680	202,506	14,295	179,910	
2543 Care and Upkeep of Grounds Services	81,335	29,003	9,522	16,438	26,373			
2544 Maintenance	1,083,352	373,857	230,271	191,798	186,201	93,318	7,907	

SCHOOL DISTRICT 509J
Jefferson County, Oregon

GENERAL FUND (100)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2021

	<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	6,918			6,918				
2552 Student Transportation Services	2,496,705	1,065,867	754,958	53,129	194,780	385,888	42,083	
2572 Purchasing Services	33,599	18,490	12,447		2,662			
2573 Warehousing and Distributing Services	25,824	14,076	11,748					
2574 Printing, Purchasing and Duplicating Services	21,492			21,492				
2623 Evaluation Services								
2626 Grant Writing Services	43,391			43,391				
2633 Public Information Services	32,501			32,306	110		85	
2640 Personnel Services	599,307	331,505	200,707	9,589	56,161		1,345	
2642 Recruitment and Placement Services	10,147			6,956	545		2,646	
2645 Health Services	8,173	1,500	611	2,892	3,170			
2660 Technology Services	310,844	120,461	75,272	7,781	107,029		300	
2669 Other Technology Services	124,665			124,665				
2680 Interpretation and Translatio Services	910			910				
2700 Supplemental Retirement Program	38,235	35,485	2,750					
Total Support Services	<u>14,679,961</u>	<u>6,601,753</u>	<u>4,244,705</u>	<u>1,905,593</u>	<u>1,061,450</u>	<u>516,614</u>	<u>349,846</u>	
<u>Enterprise and Community Services</u>								
3100 Food Services	86,374				27,257	59,117		
3320 Community Recreation Services	30,000			30,000				
3330 Civic Services								
3390 Other Community Services	90,871	47,069	40,918	2,036	848			
Total Enterprise and Community Services	<u>207,245</u>	<u>47,069</u>	<u>40,918</u>	<u>32,036</u>	<u>28,105</u>	<u>59,117</u>		
<u>Building Acquisition and Construction</u>								
4150 Building Acquisition-Major Add-on	587,295					587,295		
Total Building Acquisition and Construction Services	<u>587,295</u>					<u>587,295</u>		
<u>Other Uses</u>								
5200 Transfer of Funds	5,784,362							5,784,362
5400 Lump Sum Payment to PERS								
Total Other Uses	<u>5,784,362</u>							<u>5,784,362</u>
Grand Totals	<u>\$ 40,528,003</u>	<u>\$ 18,285,681</u>	<u>\$ 11,328,211</u>	<u>\$ 2,147,358</u>	<u>\$ 1,398,965</u>	<u>\$ 1,163,026</u>	<u>\$ 420,398</u>	<u>\$ 5,784,362</u>

SCHOOL DISTRICT 509J
Jefferson County, Oregon

SPECIAL REVENUE FUNDS (200)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2021

<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)	\$ 414,227	\$ 225,758	\$ 111,941	\$	\$ 76,449	\$ 80	\$	\$
1113 Elementary Extra-curricular								
1121 Middle/Junior High Programs	119,371	45,921	30,308		43,141			
1122 Middle/Junior High School Extracurricular	1,211				1,211			
1131 High School Programs	721,104	384,542	207,997	1,972	113,134	13,459		
1132 High School Extra-curricular	80,501	1,700	659	4,658	63,600		9,885	
1140 Pre-kindergarten Programs	215,150	90,555	64,824		20,462	39,309		
1220 Programs for the Students with Mental Disabilities	149,942	78,240	71,702					
1221 Programs for the Students with Mental Disabilities	1,166	1,076	90					
1223 Community Transition Center	241,395	69,616	51,552	59,935	50,342	9,950		
1229 Behavioral Program	90,969	44,527	46,442					
1250 Less Restrictive Programs for Students with Disabilities	55,024	39,768	15,256					
1260 Treatment and Rehabilitation	38,776			38,776				
1271 Remediation	376,157	246,519	129,638					
1272 Title I-A Grants to LEAs	1,618,276	739,655	409,767	2,965	465,888			
1283 District Alternative Education	158,263	67,118	50,079	31,500	9,566			
1291 English Second Language Programs	7,744				7,744			
1292 Teen Parent Programs								
1296 Indian Education	446,061	121,903	72,194	193,471	58,493			
1410 Elementary Summer School	115,678	152	70		115,456			
1420 Middle/Junior High Summer School	3,834				3,834			
1430 High School Summer School	13,430	8,574	3,582		1,275			
1460 Special Programs Summer School	2,856	1,921	935					
Total Instruction	<u>4,871,135</u>	<u>2,167,544</u>	<u>1,267,035</u>	<u>333,278</u>	<u>1,030,594</u>	<u>62,798</u>	<u>9,885</u>	
Support Services								
2112 Attendance Services	73,909	51,326	22,583					
2115 Student Safety and Security								
2119 Other Attendance and Social Work Services	114,637	55,157	37,759	785	20,936			
2122 Counselor Services	796,429	479,340	296,159		20,929			
2129 Other Guidance Services	17,616	8,009	7,488		2,119			
2130 Health Services	5,045			4,666	379			
2139 Other Health Services	86,595	57,956	28,639					
2160 Other Student Treatment Services	75,525			75,525				
2190 Program Direction Student Support								
2210 Improvement of Instruction Services								
2211 Service Area Direction	1,509,339	965,383	509,194	10,561	24,202			
2213 Office of Instructional Services								
2219 Other Improvement of Instruction								
2220 Education Media Services	440,279	77,111	32,450	56	330,662			
2230 Assessment and Testing								
2240 Instructional Staff Development	549,400	153,631	71,570	215,347	104,173		4,679	
2321 Board of Education Services								
2410 Office of the Principal Services	58,858	36,579	22,182		96			
2520 Fiscal Services								
2542 Care and Upkeep of Building Services	52,771	7,696	1,884		43,191			
2544 Maintenance	93,920	25,217	5,178	62,800	725			
2552 Student Transportation Services	142,643	15,807	1,374	9,366		116,096		
2623 Evaluation Services								
2633 Public Information Services	17,154	13,108	4,046					

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

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

YEAR ENDED JUNE 30, 2021

	<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>
2660 Technology Services	344,513			42,110	302,404			
2669 Other Technology Services	162,555			162,555				
2690 Other Support Services	404,636						404,636	
Total Support Services	<u>4,945,823</u>	<u>1,946,321</u>	<u>1,040,505</u>	<u>583,769</u>	<u>849,817</u>	<u>116,096</u>	<u>409,315</u>	
<u>Enterprise and Community Services</u>								
3100 Food Services	2,054,946	682,900	592,661	24,670	739,742	13,318	1,655	
3330 Civil Services	174,645	85,711	66,105	4,200	18,629			
3390 Other Community Services	19,660	1,531	582	17,546				
3501 Child Care Provider Services	73,338	40,299	27,536		5,224		278	
Total Enterprise and Community Services	<u>2,322,588</u>	<u>810,441</u>	<u>686,884</u>	<u>46,416</u>	<u>763,595</u>	<u>13,318</u>	<u>1,933</u>	
<u>Building Acquisition and Construction</u>								
4150 Building Acquisition-Major Add-on	98,786					98,786		
Total Building Acquisition and Construction Services	<u>98,786</u>					<u>98,786</u>		
Grand Totals	<u>\$ 12,238,330</u>	<u>\$ 4,924,305</u>	<u>\$ 2,994,425</u>	<u>\$ 963,464</u>	<u>\$ 2,644,006</u>	<u>\$ 290,998</u>	<u>\$ 421,133</u>	<u>\$</u>

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

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

YEAR ENDED JUNE 30, 2021

	<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	\$ 4,499,726	\$	\$	\$	\$	\$	\$ 4,499,727	\$
Other Uses	<u>4,499,726</u>						<u>4,499,727</u>	
Grand Totals	<u>\$ 4,499,726</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,499,727</u>	<u>\$</u>

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

**CAPITAL PROJECTS FUND (400)
EXPENDITURE SUMMARY**

YEAR ENDED JUNE 30, 2021

	<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	\$ 1,323,430	\$ 3,917	\$ 570	\$	\$	\$ 1,318,943	\$	\$
Other Uses	<u>1,323,430</u>	<u>3,917</u>	<u>570</u>	<u>\$</u>	<u>\$</u>	<u>1,318,943</u>	<u>\$</u>	<u>\$</u>
Grand Totals	<u><u>\$ 1,323,430</u></u>	<u><u>\$ 3,917</u></u>	<u><u>\$ 570</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 1,318,943</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

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



Board of Directors
School District 509J
Jefferson County, Oregon

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the School District 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Brenda Bartlett". The signature is written in a cursive, slightly slanted style.

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

December 23, 2021

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 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 509J, Jefferson County, Oregon (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2021.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Brenda Bartlett

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

December 23, 2021



**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 509J
Jefferson County, Oregon

Report on Compliance for Each Major Federal Program

We have audited School District 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, 2021. 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, 2021.

**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

December 23, 2021

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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>Assistance Listing No.</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.060	Indian Education Grants
84.215G	Innovative Approaches to Literacy
84.425D	Education Stabilization Funds

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

Auditee qualified as low-risk auditee? Yes

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

SCHOOL DISTRICT 509J
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

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:					
National School Lunch - Commodities (Non-Cash Assistance)	10.555		\$ 137,400	299.998	\$
Summer Food Service Program for Children	10.559		1,152,393	299.996	
Summer Food Service Program for Children - Commodities (Non-Cash Assistance)	10.559		405	299.996	
Total National School Lunch Program Cluster			<u>1,290,198</u>		
Child and Adult Care Food Program	10.558		41,018	299.997	
Child and Adult Care Food Program - Commodities (Non-Cash Assistance)	10.558		2,863	299.997	
Total Child and Adult Care Food Program			<u>43,881</u>		
TOTAL DEPARTMENT OF AGRICULTURE			<u>1,334,079</u>		
<u>DEPARTMENT OF DEFENSE</u>					
Junior Reserve Officers' Training Corps	12.11JROTC		56,919	100	
TOTAL DEPARTMENT OF DEFENSE			<u>56,919</u>		
<u>DEPARTMENT OF EDUCATION</u>					
Impact Aid	84.041	(1)	3,149,730	100	
Indian Education Grants to Local Education Agencies	84.060	(1)	254,658	205	
Indian Demonstration Grant	84.299A		52,653	218	
It Is A New Day (Ishumax Kadux) Program			1,451,890	219	
Native American Language Grant	84.365C		308,701	207	
Read to Succeed - Innovative Approaches to Literacy	84.215G	(1)	986,538	202	
Passed through State Department of Education					
Title I Grants to Local Education Agencies	84.010	50409	71,798	203	
		53288	274,002	203	
		58284	887,980	203	
District Improvement Grants		60393	39,543	211	
Total Title I Grants to Local Agencies			<u>1,273,323</u>		
Special Education - Grants to States	84.027	53786	255,874	213	
		53993	6,259	213	
		60675	139,058	213	
		59364	471	213.903	
Special Education - Preschool Grant	84.173	56670	6,736	213.905	
Total Special Education Grants to States Cluster			<u>408,398</u>		

(1) indicates major program

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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor and Pass Through Agency/Program Title	Assistance Listing 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	55325	3,128	208	
Student Support and Academic Enrichment	84.424	54540 58593	4,877 <u>4,573</u> 9,450	208 208	
Title III English Language Acquisition Grant	84.365	53427 58478	8,393 <u>74,651</u> 83,044	216 216	
Title II-A Improving Teacher Quality State Grants	84.367	49327 53550 58776	21,425 14,636 <u>85,734</u> 121,795	209 209 209	
Title 1-A School Improvement Grants	84.377	54354	52,062	211	
21st Century Community Learning Centers	84.287	49068 54267 61151	98,484 27,870 <u>284,302</u> 410,656	204 204 204	
Education Stabilization Fund	84.425D 84.425D 84.425D	57831 (1) 64601 (1) 60960 (1)	945,805 172,922 <u>193,747</u> 1,312,474	210 210 201.840	
Arts in Education	84.351	MakeSPACE	1,842	201.077	
Passed through education service districts					
Perkins	84.048		4,039	272.940	
McKinney-Vento Homeless Assistance Act	84.196		<u>7,798</u>	226	
TOTAL DEPARTMENT OF EDUCATION			<u>9,892,180</u>		
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Passed through Oregon Children, Adults and Families					
Social Services Block Grant	93.667	160722	236,597	223	47,135
Head Start	93.658		<u>13,451</u>	215	
TOTAL DEPT OF HEALTH AND HUMAN SERVICES			<u>250,048</u>		<u>47,135</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Passed through Local Government					
Coronavirus Relief Fund		21.019	<u>13,439</u>	201.839	
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>13,439</u>		
TOTALS			<u>\$ 11,546,664</u>		<u>\$ 47,135</u>

Passed through to Heart of Oregon - \$10,522 and Culver \$36,613.

138,888

(1) indicates major program

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

SCHOOL DISTRICT 509J
Jefferson County, Oregon

NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

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 20-21, the rate was 4.32%.

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. The District received donated personal protective equipment sourced through FEMA and passed through Oregon Department of Education (ODE). The fair value of the donated items was not provided by ODE and was unable to be determined.