

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix-Talent, Oregon

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION

FISCAL YEAR ENDED JUNE 30, 2015

WITH

INDEPENDENT AUDITOR'S REPORTS



JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix-Talent, Oregon
June 30, 2015

BOARD OF DIRECTORS AS OF JUNE 30, 2015

Richard Nagel	Chairperson
Craig Prewitt	Vice-Chair
Bob Kerlinger	Director
Dawn Watson	Director
Marina Piacentini	Director
Debra McAlister	Director
Ruth Staten	Director

ADMINISTRATIVE OFFICE:

401 West Fourth Street
P.O. Box 698
Phoenix, Oregon 97535

Teresa Sayre	Superintendent-Clerk
David Marshall	Business Manager/ Deputy-Clerk

JACKSON COUNTY SCHOOL DISTRICT NO. 4

Phoenix-Talent, Oregon

Year Ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jackson County School District No. 4
Phoenix-Talent, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Jackson County School District No. 4 (the District), Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2015, 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, the schedule of funding progress (other postemployment benefits), certain pension schedules, and the major governmental funds budgetary comparison 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 applied certain limited procedures to management's discussion and analysis and the schedule of funding progress (other postemployment benefits) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis and the schedule of funding progress (other postemployment benefits) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The required major governmental funds budgetary comparison information and the pension schedules as listed in the table of contents are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required major governmental funds budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not required as part of the basic financial statements. The schedule of expenditures of federal awards is presented for additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. This other supplementary information and schedule of expenditures of federal awards is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (continued)

Emphasis of Matter

As discussed in note 1 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards and Oregon State Regulations

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Oregon State Regulation, we have also issued our report dated December 29, 2015 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

Stewart C. Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 29, 2015

PHOENIX-TALENT SCHOOLS
Management Discussion & Analysis
For the Year Ended 30 June 2015

The management of Phoenix-Talent Schools offers readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015 ("FY15"). We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- As of 30 June 2015, the Government-wide statements show that the assets and deferred outflows of the District are about \$300,000 less than its liabilities and deferred inflows. This represents a reduction of about \$8.98 million, or 103.2% from the prior year.
- Total Net Position is comprised of the following:
 - Capital assets, net of related debt and accumulated depreciation
 - Net Position restricted for debt service, capital projects, special grants, and scholarship trust
 - Net Position, unrestricted, which represents the net long-term result of operations of the District, after investment in capital assets

As stated above, the District's total Net Position decreased by \$8.98 million, primarily due to the implementation of **GASB 68**¹.

The District's revenues increased by \$1.21 million, due primarily to a 7.1% increase in state funding and a 1.9% increase in local property taxes.

The District's total expenses decreased \$3.44 million, or 12.5%, when GASB 68 pension adjustments are included. Excluding GASB 68 adjustments, expenses increased by about \$729,000, or 2.8%.

The difference in the District's Net Position, though due in part from the changes referenced in the two preceding paragraphs, was primarily due to the Restatement of the District's Beginning Net Position, again as a result of GASB 68.

At the end of the fiscal year, the General Fund's Unappropriated Ending Fund Balance (UEFB) for the general fund increased from about \$954,000 to \$1.250 million, or 31%.

OVERVIEW OF THE FINANCIAL STATEMENTS

Phoenix-Talent Schools (the "District") was organized under provisions of ORS Chapter 332 for the purpose of operating elementary and secondary schools. It is governed by a separately elected seven-member Board of Education (the "Board"). The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which 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 themselves.

¹ **GASB 68** governs the specifics of accounting for public pension obligations. It provides employers' calculations for pension expenses in their efforts to determine the total pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

The *Statement of Net Position* presents information about the assets, deferred outflows, liabilities, and deferred inflows of the District at year end. The Net Position is what remains after the liabilities and deferred inflows have been paid or otherwise satisfied. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. See Financial Statements Note 1, **New Accounting Standards, page 12**, of the Audit Report. It states that implementing GASB 68 resulted in a \$13,752,313 reduction in the beginning net position for the District's governmental activities. **Note 10** provides amplifying information for the new reporting requirements of the District's Pension Plan.

The *Statement of Activities* presents information showing how the net assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Governmental activities. Most of the District's basic functions, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction, are shown here. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues. The government-wide financial statements are found on pages 1 and 2 of this Audit.

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 are used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to comply with finance-related legal requirements. All of the District funds are governmental funds.

Governmental funds. The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, **governmental fund financial statements focus on near-term cash flows**, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains four individual governmental funds, all of which are considered to be major funds: The General Fund, the Special Programs Fund, the Debt Service Fund, and the Capital Projects Fund (presently inactive). Information is presented separately for these funds in the governmental fund Balance Sheet, the governmental fund Statement of Revenues, and the Expenditures and Changes in Fund Balances. The District does not have any non-major governmental funds.

The basic governmental fund financial statements can be found on pages 3 to 6 of this Audit.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 7 through 31 of this Audit.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information*. The District's *Management's Discussion and Analysis* is considered required supplementary information. Other required supplementary information as listed in the table of contents can be found on pages 32 to 35 of this Audit.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the District's Net Position may serve over time as a useful indicator of a government's financial position. For FY15, the District had assets (net of depreciation) and deferred outflows of resources of \$30.22 million and liabilities and deferred inflows of resources of \$30.52 million. Net Position (Deficit), therefore, at June 30, 2015, was just under \$300,000 (\$296,860) By contrast, for the last fiscal year, District assets were greater than liabilities by \$8.68 million. This dramatic change is due to the implementation of GASB 68

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position	June 30, 2015	June 30, 2014	Change
Current and Other Assets	\$ 7,972,648	\$ 12,739,904	\$ (4,767,256)
Deferred Outflow of Resources	1,070,322		\$ 1,070,322
Capital Assets, Net	21,179,663	21,950,595	(770,932)
Total Assets	30,222,633	34,690,499	(4,467,866)
Current Liabilities	3,511,846	2,658,826	853,020
Deferred Inflows related to Pensions	5,702,282	-	5,702,282
Long-Term Debts	21,305,365	23,341,092	(2,035,727)
Total Liabilities	30,519,493	25,999,918	4,519,575
Net Position:			
Net Investment in Capital Assets	13,135,092	13,153,230	(18,138)
Restricted for Debt Service	65,257	260,329	(195,072)
Restricted for Scholarships			-
Spendable	114,560	114,685	(125)
Non-Spendable	500,000	500,000	-
Unrestricted	(14,111,769)	(5,347,663)	(8,764,106)
Total Net Position	\$ (296,860)	\$ 8,680,581	\$ (8,977,441)
Revenues			
Program Revenues			
Charges for Services	\$ 871,675	\$ 947,369	\$ (75,694)
Operating Grants and Contributions	2,695,607	2,347,407	348,200
General Revenues			
Property Taxes	8,961,132	8,792,640	168,492
State School Fund	15,734,321	14,687,038	1,047,283
Other State and Local Sources	447,718	577,638	(129,920)
Earnings on Investments	33,207	30,576	2,631
Miscellaneous	135,382	290,042	(154,660)
Total Program and General Revenues	28,879,042	27,672,710	1,206,332
Expenses			
Instruction	12,400,793	14,592,152	(2,191,359)
Support Services	8,600,391	9,756,038	(1,155,647)
Community Services	1,083,649	1,154,913	(71,264)
Interest on Long Term Debt	1,117,547	1,145,432	(27,885)
Unallocated Depreciation	901,790	896,524	5,266
Total Expenses	24,104,170	27,545,059	(3,440,889)
Change in Net Position	4,774,872	127,651	4,647,221
Beginning Net Position (Restated) ⁽¹⁾	(5,071,732)	8,552,930	(13,624,662)
Ending Net Position	\$ (296,860)	\$ 8,680,581	\$ (8,977,441)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, total \$21.18 million, or about 73% of the District's total assets. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable. For FY14, capital assets represented approximately 63% of total assets.

The District's largest liability is \$19.59 million of long term debt, or about 79% of the District's total debt. Current liabilities consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt, or about 21% of the District total liabilities. As part of GASB 68 pension debt recognition, Net Deferred Outflows and Inflows are \$4.6 million, which represent about 15% of the District's total of Total Liabilities, Deferred Outflows and Inflows.

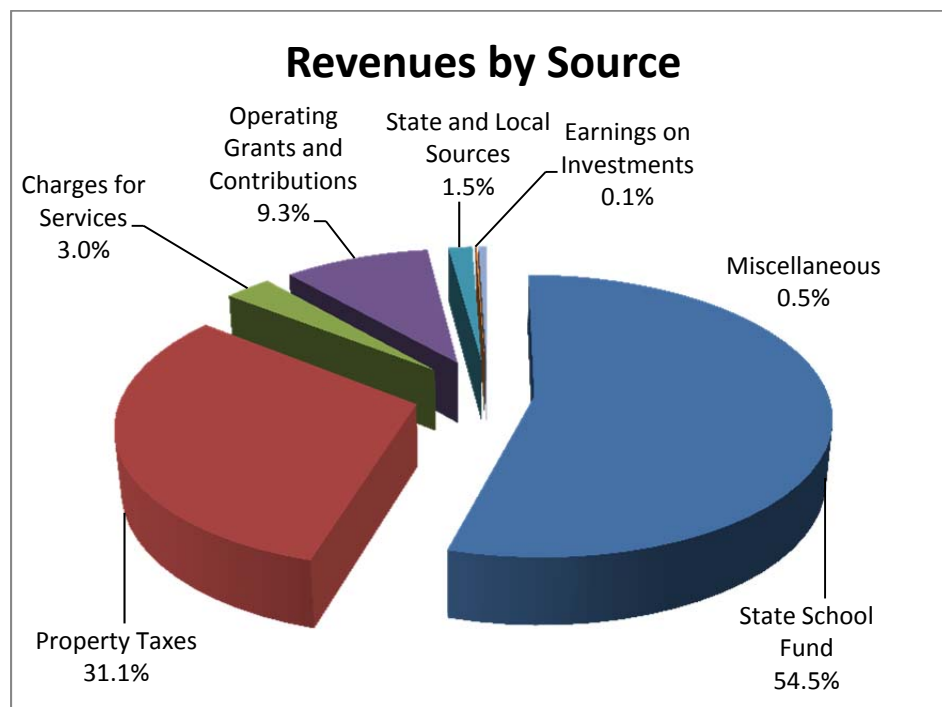
A large portion of the District's net assets reflect it's investment in capital assets (land, buildings, vehicles and equipment), less any related debt used to acquire those assets. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt is currently being paid from current revenues (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. During the current fiscal year, the District's Net Position decreased by \$8.98 million, while the total governmental fund balances increased by about \$313,000. There were a few significant changes in revenue and expense activities that warrant discussion:

The District total program and general revenues increased about \$1.2 million due primarily to an increase in property taxes and state funding for the general fund.

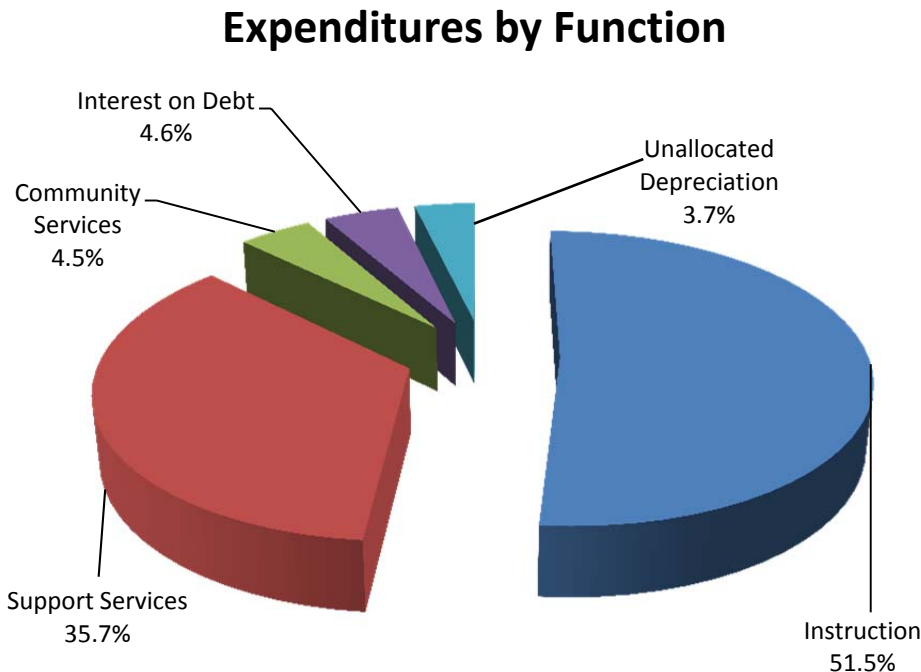
Instruction expenses increased by about \$592,000, or 4.7%, due primarily to contractual wage and benefit increases. Support expenses increased by about \$368,000, or 3%.

The charts on the next page present the relative weights of the different sources of revenue and uses of expenses from the Statement of Activities:



GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Also, from the Statement of Activities, the following chart shows you the relative weights of the District's different major expenditure functions:



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

For FY15, the District's governmental funds reported combined ending fund balances of \$2.99 million, an increase of about \$313,000 from the prior year. About \$970,000 of the ending fund balance is *unassigned*, or available for spending at the government's discretion. An additional \$65,000 is restricted for debt service obligations.

General Fund. The General Fund is the chief operating fund of the District. For FY15, the UEFB was \$1.25 million, up from \$954,000 in the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The Fund balance represents 5.3 percent of total General Fund expenditures.

Special Programs Fund. The Special Programs Fund accounts for the proceeds of specific revenue sources that include amounts that are legally restricted to expenditure for specific purposes. As of 30 June 2015, the Special Programs Fund had a total fund balance of \$1.67 million, up from \$1.57 million in the prior year.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$65,000, all of which is restricted for the payment of debt service. The fund balance in this fund decreased about \$85,000 from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and building improvements, and vehicles and equipment. For FY15, the District had invested over \$21.2 million in capital assets, net of depreciation, as shown in the following table:

Capital Assets	
(Net of Depreciation)	
30-Jun-15	
Land	\$ 2,188,639
Construction In Progress	\$ 48,050
Buildings and Improvements	\$ 17,782,018
Vehicles and Equipment	\$ 1,160,956
Total	\$ 21,179,663

During the year, the District's investment in capital assets, net of depreciation, decreased by \$760,000. The major capital asset events for the year include the following:

Depreciation expense was approximately \$902,000.

Additional information of the District's capital assets can be found in Note 1 on page 10 and Note 4 on page 16 of this report.

Long-term debt. During FY15, the District's total debt, consisting almost entirely of General Obligation Bonds and the OSBA's Limited Tax Pension Bonds decreased by \$1.6 million, from \$23.3 million to \$21.7 million, a result of current year principal payments made.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95 percent of its total assessed valuation (currently \$1.888 billion for the District). The District's current debt on General Obligations Bonds is \$7.595 million, or just 3.82% of its Debt Capacity, \$191.3 million.

Additional information on the District's long-term debt can be found in Note 1 on page 10 and Note 7 on pages 17-20 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factors for the District are the State of Oregon's School Fund formula and property taxes. For the year ended 30 June 2015, these two areas provided 85.5 percent of the District's revenues.

Based upon current contractual obligations, salaries and benefit costs are expected to exceed the budget by between \$250,000 and \$350,000 this year.

District enrollment is expected to remain relatively flat in the next two to three years.

The District's Budget Committee and School Board will consider these factors while preparing the budget for the Fiscal Year ending on 30 June 2017 (FY17).

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager, david.marshall@phoenix.k12.or.us or 541.535.3009.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS:	
ASSETS:	
Cash and investments	\$ 3,327,999
Receivables	1,388,077
Prepaid expenses	284,103
Inventories	17,299
Net pension asset	2,955,170
Capital assets, net	
Land	2,188,639
Construction in progress	48,050
Buildings and improvements	17,782,018
Machinery and equipment	1,160,956
TOTAL ASSETS	<u>29,152,311</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	<u>1,070,322</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>30,222,633</u>
LIABILITIES AND DEFERRED INFLOWS:	
LIABILITIES:	
Accounts payable	178,200
Accrued payroll liabilities	1,125,364
Accrued interest payable	37,172
Unearned revenue	78,196
Other post employment benefit obligation	1,718,708
Bonds payable, net of unamortized premium/discount	
Due within one year	2,092,914
Due in more than one year	19,586,657
TOTAL LIABILITIES	<u>24,817,211</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>5,702,282</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>30,519,493</u>
NET POSITION:	
Net investment in capital assets	13,135,092
Restricted for:	
Debt service	65,257
Scholarships	
Spendable	114,560
Non-spendable	500,000
Unrestricted	<u>(14,111,769)</u>
TOTAL NET POSITION	<u>\$ (296,860)</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 12,400,793	\$ 582,011	\$ 999,549	\$ (10,819,233)
Supporting services	8,600,391	71,431	672,564	(7,856,396)
Enterprise & community services	1,083,649	218,234	1,023,494	158,079
Fees and interest on long-term debt	1,117,547	-	-	(1,117,547)
Unallocated depreciation	901,790	-	-	(901,790)
Total government activities	\$ 24,104,170	\$ 871,675	\$ 2,695,607	(20,536,888)

General revenues:

Property taxes levied for general purposes	7,530,934
Property taxes levied for debt service	1,430,198
Construction excise tax	145,018
Contributions	7,564
Earnings on investments	33,207
State school fund - general support	15,734,321
Common school fund	251,887
Federal forest fees	43,249
Miscellaneous	135,382
Total general revenues	25,311,760
CHANGE IN NET POSITION	4,774,872
NET POSITION - July 1, 2014 (as restated)	(5,071,732)
NET POSITION - June 30, 2015	\$ (296,860)

FUND FINANCIAL STATEMENTS

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General Fund</u>	<u>Grants & Special Programs Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Equity in pooled cash and investments	\$ 1,829,286	\$ 1,452,934	\$ 45,779	\$ 3,327,999
Receivables	767,588	496,881	123,608	1,388,077
Prepays	280,699	3,404	-	284,103
TOTAL ASSETS	<u>\$ 2,877,573</u>	<u>\$ 1,953,219</u>	<u>\$ 169,387</u>	<u>\$ 5,000,179</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,672	\$ 91,528	\$ -	\$ 178,200
Accrued payroll liabilities	1,015,592	109,772	-	1,125,364
Unearned revenue	-	78,196	-	78,196
TOTAL LIABILITIES	<u>1,102,264</u>	<u>279,496</u>	<u>-</u>	<u>1,381,760</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	524,847	-	104,130	628,977
TOTAL DEFERRED INFLOWS	<u>524,847</u>	<u>-</u>	<u>104,130</u>	<u>628,977</u>
Fund Balances:				
Nonspendable	280,699	3,404	-	284,103
Restricted for scholarships	-	614,580	-	614,580
Restricted for debt service	-	-	65,257	65,257
Assigned - student body	-	1,055,739	-	1,055,739
Unassigned	969,763	-	-	969,763
TOTAL FUND BALANCES	<u>1,250,462</u>	<u>1,673,723</u>	<u>65,257</u>	<u>2,989,442</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,877,573</u>	<u>\$ 1,953,219</u>	<u>\$ 169,387</u>	<u>\$ 5,000,179</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2015**

TOTAL FUND BALANCES		\$ 2,989,442
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 44,707,531	
Accumulated depreciation	<u>(23,527,868)</u>	21,179,663
The asset (liability) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		2,955,170
In the governmental funds, inventory is accounted for under the purchase method and the current value is not reported in the fund balance sheet.		17,299
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		628,977
The net deferred outflow/(inflow) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		(4,631,960)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable		(37,172)
Bonds payable, net of bond premium		(21,679,571)
The other post employment benefit liability obligation is not reported with the governmental funds.		<u>(1,718,708)</u>
TOTAL NET POSITION		<u><u>\$ (296,860)</u></u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Grants & Special Programs Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES				
Property taxes and other taxes	\$ 7,539,591	\$ 145,018	\$ 1,436,093	\$ 9,120,702
Intergovernmental	16,029,457	2,673,821	-	18,703,278
Charges for services	97,993	695,321	-	793,314
Local grants and contributions	64	24,679	-	24,743
Investment earnings	23,514	5,286	4,407	33,207
Miscellaneous	139,512	75,287	3,551	218,350
TOTAL REVENUES	<u>23,830,131</u>	<u>3,619,412</u>	<u>1,444,051</u>	<u>28,893,594</u>
EXPENDITURES				
Current				
Instruction	13,136,808	1,495,405	-	14,632,213
Support services	9,209,085	681,619	-	9,890,704
Enterprise and community services	-	1,226,871	-	1,226,871
Debt service	1,193,767	-	1,529,098	2,722,865
Facilities and acquisition	-	113,824	-	113,824
TOTAL EXPENDITURES	<u>23,539,660</u>	<u>3,517,719</u>	<u>1,529,098</u>	<u>28,586,477</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>290,471</u>	<u>101,693</u>	<u>(85,047)</u>	<u>307,117</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond refunding	48,400	-	5,188,600	5,237,000
Bond refunding fees	(42,819)	-	-	(42,819)
Debt service - redemption of principal	-	-	(5,188,600)	(5,188,600)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,581</u>	<u>-</u>	<u>-</u>	<u>5,581</u>
NET CHANGE IN FUND BALANCE	296,052	101,693	(85,047)	312,698
FUND BALANCE, July 1, 2014	<u>954,410</u>	<u>1,572,030</u>	<u>150,304</u>	<u>2,676,744</u>
FUND BALANCE, June 30, 2015	<u>\$ 1,250,462</u>	<u>\$ 1,673,723</u>	<u>\$ 65,257</u>	<u>\$ 2,989,442</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

NET CHANGE IN FUND BALANCE \$ 312,698

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

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 140,858	
Less current year depreciation	<u>(901,790)</u>	(760,932)

The issuance on long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from Series 2015 refunding	(5,237,000)	
General Obligation Bonds Series 2005 refunding	5,080,000	
Debt principal repaid	<u>1,725,000</u>	1,568,000

Governmental funds report the effect of premiums, deferred charges 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)	4,914	
Write off of bond premium associated to refunded obligations	<u>17,880</u>	22,794

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.

Interest paid	988,923	
Interest expense	<u>(979,980)</u>	8,943

Governmental funds do not report inventory balances under the purchase method of accounting for inventory while the Statement of Net Position does. This is the change in inventory in the current period.

(10,020)

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.

(14,552)

Governmental funds report pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense.

3,665,015

The change in the net post employment benefit obligation is not recognized in the governmental funds.

(17,074)

CHANGE IN NET POSITION		<u><u>\$ 4,774,872</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

Jackson County School District No. 4 (the District), Phoenix-Talent, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to exclude any potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). GASB 61 modified certain requirements for inclusion of component units in financial reporting. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which the determination should be made and the types of relationships that generally should be considered in making the determination.

There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The more significant of the District's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, 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 asset use is either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All the District's funds are categorized as major funds.

The District reports the following major governmental funds:

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

Grants & Special Programs Fund – The Grants & Special Programs Fund, a special revenue fund, accounts for revenues and expenditures of grants restricted for specific educational purposes. Principal revenue sources are federal and state grants.

Debt Service Fund – The Debt Service Fund provides for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes.

Measurement Focus and Basis of Accounting

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

An accrual for deferred inflow of revenue arises in the Governmental Funds' Balance Sheet when potential revenue does not meet the earned and available criteria for recognition in the current period. Unavailable deferred inflow of revenue consists of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide Statement of Activities, which is presented on a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of availability. Thus, the deferred inflow created on the Governmental Funds' Balance Sheet for unavailable unearned revenue is eliminated. Unearned revenues arise outside the scope of measurement focus and basis of accounting, such as when the District received resources before it has a legal claim to them. An example of this situation would be when grant monies are received prior to the incurrence of any qualifying expenses.

Cash, Cash Equivalents and Investments

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

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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

Property Taxes Receivable

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

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

Accounts and Other Receivables

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

Grants

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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Inventories

Inventory consists of supplies held for sale. In the government-wide financial statements, inventories are stated at cost using the first-in, first-out (FIFO) method. In the fund financial statements, inventory is reported using the purchase method where purchases are charged to expense when purchased.

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA.

Capital Assets

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

Buildings and improvements - 50 years
Equipment - 3 to 15 years

Post Employment Health Care Benefits

Eligible employees who elect early retirement are entitled to payment of group medical insurance premiums. Such costs are recorded as expenses in the General Fund and funded as premiums become due.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the 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 resignation and retirements.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the 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 the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one type of deferred outflow, which arises under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred outflows related to pensions, in the government-wide financial statements. Deferred outflows related to pensions is explained more fully in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows.

Deferred inflows related to pensions arise under the full accrual basis of accounting that qualifies for reporting under this category. Accordingly, the item, deferred inflows related to pensions, is reported in the government-wide financial statements. Deferred inflows related to pensions is explained more fully in Note 10.

In contrast, deferred inflows related to property taxes (unavailable revenue) arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balance

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

- a. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position/Fund Balance (continued)

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

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

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

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

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

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

New Accounting Standards

For the year ending June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Both GASB 68 and GASB 71 were effective for financial statement periods beginning after June 15, 2014. GASB 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB 71 amends GASB 68 to provide clarification of pension contributions made subsequent to the measurement date. The primary objective of both statements is to improve accounting and financial reporting by state and local governments for pensions.

The implementation of GASB 68 resulted in a restatement of beginning net position in order to recognize the District’s proportionate share of the net pension asset and corresponding deferred outflows and inflows. The result of the restatement was a \$13,752,313 reduction in the beginning net position for governmental activities.

Budget

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Budget (continued)

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

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The District did over spend its appropriations authority during the year ended June 30, 2015 in the following categories:

General Fund	
Instruction	\$85,948
Grants & Special Programs Fund	
Support Services	\$207,817
Debt Service Fund	
Debt service	\$2,098

Use of Estimates

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

Note 2 - Equity in Pooled Cash and Investments

Cash and investments are comprised of the following as of June 30, 2015:

Petty cash	\$	400
Deposits with financial institutions:		
Demand deposits		797,891
Local Government Investment Pool		2,529,708
Total cash and investments	<u>\$</u>	<u>3,327,999</u>

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

Cash and investments	\$	2,710,239
Restricted cash and investments		617,760
	<u>\$</u>	<u>3,327,999</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 2 - Equity in Pooled Cash and Investments (continued)

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2015. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2015, the carrying amounts of the District deposits in various financial institutions were \$797,891 and the bank balances were \$1,296,394. All deposits are held in the name of the District. Of the bank balance, \$978,580 is not covered by federal depository insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

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

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

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2015. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

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

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

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2015 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 2 - Equity in Pooled Cash and Investments (continued)

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

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

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

	Carrying Amount	Fair Value
Investments:		
State of Oregon Treasurer's Local Government Investment Pool	\$ 2,529,708	\$ 2,529,708

Note 3 - Receivables

Receivables are comprised of the following as of June 30, 2015:

	Property Taxes	Grants	Other	Total
General Fund	\$ 625,612	\$ -	\$ 141,976	\$ 767,588
Grants & Special Programs Fund	-	496,881	-	496,881
Debt Service Fund	123,608	-	-	123,608
	\$ 749,220	\$ 496,881	\$ 141,976	\$ 1,388,077

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 2,188,639	\$ -	\$ -	\$ 2,188,639
Construction in progress	8,450	39,600	-	48,050
Total capital assets not being depreciated	<u>2,197,089</u>	<u>39,600</u>	<u>-</u>	<u>2,236,689</u>
Capital assets being depreciated:				
Buildings and improvements	35,298,146	32,845	-	35,330,991
Machinery and equipment	7,071,438	68,413	-	7,139,851
Total capital assets being depreciated	<u>42,369,584</u>	<u>101,258</u>	<u>-</u>	<u>42,470,842</u>
Less accumulated depreciation for:				
Buildings and improvements	(16,747,345)	(801,628)	-	(17,548,973)
Machinery and equipment	(5,878,733)	(100,162)	-	(5,978,895)
Total accumulated depreciation	<u>(22,626,078)</u>	<u>\$ (901,790)</u>	<u>\$ -</u>	<u>(23,527,868)</u>
Total capital assets being depreciated, net	<u>19,743,506</u>			<u>18,942,974</u>
Total capital assets, net	<u>\$ 21,940,595</u>			<u>\$ 21,179,663</u>

Unallocated depreciation expense for fiscal year 2015 totaled \$901,790.

Note 5 - Unavailable/Unearned Revenues

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At June 30, 2015, the various components consisted of the following:

Fund by type	Unavailable	Unearned	Total
General Fund			
Property Taxes	\$ 524,847	\$ -	\$ 524,847
Special Revenue Fund			
Grants	-	78,196	78,196
Debt Service			
Property Taxes	<u>104,130</u>	<u>-</u>	<u>104,130</u>
Total inflows/unearned revenue	<u>\$ 628,977</u>	<u>\$ 78,196</u>	<u>\$ 707,173</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 6 - Leases

Operating Leases

The District leases copiers under non-cancellable operating leases. Total costs for such leases were \$34,178 for the fiscal year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

Fiscal Year ending June 30,	Amount
2016	\$ 43,245
2017	34,716
2018	27,757
2019	23,080
2020	15,717
	<u>\$ 144,515</u>

Note 7 - Long-Term Debt

Bonds Payable

On April 15, 2001, the District issued a general obligation bond for \$16,200,000 bearing an interest rate of 4.00%, payable semiannually. The proceeds from the sale of the bonds were used to finance the costs of capital construction and capital improvements.

On July 11, 2011, the District refunded these bonds. The General Obligation Refunding Bonds, Series 2011 was for \$2,490,000 for an economic gain of \$345,367.

Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
2016	\$ 5,000	\$ 72,694	\$ 77,694	2.0%
2017	5,000	72,594	77,594	2.0%
2018	10,000	72,494	82,494	2.0%
2019	1,635,000	72,194	1,707,194	2.0%
2020	805,000	23,144	828,144	3.0%
Total	\$ 2,460,000	\$ 313,120	\$ 2,773,120	

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 7 - Long-Term Debt (continued)

Bonds Payable (continued)

On February 6, 2004, the District entered into an agreement to participate in the Oregon School Board Association Limited Tax Pension Bonds. Bonds were issued in the amount of \$14,895,000, bearing an interest rate of 3.25% to 5.53%, payable semiannually. The bonds mature in 2028. The bonds maturing in the years 2016 through 2028 shall be subject to optional prepayment, in whole or in part on any date, at a prepayment price equal to par plus accrued interest.

Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
2016	\$ 445,000	\$ 743,176	\$ 1,188,176	5.02%
2017	525,000	720,824	1,245,824	5.12%
2018	615,000	693,928	1,308,928	5.22%
2019	715,000	661,807	1,376,807	5.32%
2020	825,000	623,847	1,448,847	5.42%
2021-2025	6,080,000	2,310,204	8,390,204	5.37% - 5.53%
2026-2030	4,430,000	444,728	4,874,728	5.53%
Total	\$ 13,635,000	\$ 6,198,514	\$ 19,833,514	

The District issued Series 2005 General Obligation Bonds to provide funds for the acquisition and construction of District school facilities. On May 26, 2015, the District advance refunded the outstanding bonds to provide for lower interest rates and a reduced future cost to District taxpayers. The advance refunding was accomplished by issuing general obligation bonds in the amount of \$5,237,000. Principal payments are due annually on June 15th and interest payments are due semiannually on June 15th and December 15th. The bonds mature in 2019 and carry an annual interest rate of 1.31%.

Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
2016	\$ 1,580,000	\$ 67,269	\$ 1,647,269	1.31%
2017	1,645,000	46,571	1,691,571	1.31%
2018	1,720,000	25,021	1,745,021	1.31%
2019	190,000	2,489	192,489	1.31%
Total	\$ 5,135,000	\$ 141,350	\$ 5,276,350	

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 7 - Long-Term Debt (continued)

Bonds Payable (continued)

On October 30, 2012, the District entered into an agreement to participate in the Oregon School Boards Association (OSBA) FlexFund Program. Bonds were issued in the amount of \$602,000, bearing an interest rate of .75% to 3.0%, payable semiannually. The bonds mature in 2022. The bonds maturing in the years 2014 through 2017 are not subject to redemption prior to maturity. The bonds maturing on or after the year 2018 are subject to redemption from the proceeds of the optional prepayment of the Installment Financing Agreement. The Installment Financing Agreement is subject to optional prepayment by the Issuer, in whole or in part on any date, on and after June 1, 2017 at the price of par plus accrued interest, if any, to the date of redemption.

Fiscal Year Ending June 30,	Principal	Interest	Total	Interest Rate
2016	\$ 58,000	\$ 8,984	\$ 66,984	1.10%
2017	57,000	8,288	65,288	1.20%
2018	57,000	7,376	64,376	1.60%
2019	62,000	6,350	68,350	1.80%
2020	62,000	5,110	67,110	2.00%
2021-2025	129,000	5,648	134,648	2.0% - 3.0%
Total	<u>\$ 425,000</u>	<u>\$ 41,756</u>	<u>\$ 466,756</u>	

The changes in unmatured bond principal for the year ended June 30, 2015 are as follows:

Issue Date	Original Issue	Outstanding July 1, 2014	Matured and Redeemed	Outstanding June 30, 2015	Current Portion	Interest Rates %
February 6, 2004	\$ 14,895,000	\$ 14,000,000	\$ (365,000)	\$ 13,635,000	\$ 445,000	4.79% - 5.53%
April 1, 2005	9,950,000	6,275,000	(6,275,000)	-	-	4.00% - 4.20%
July 11, 2011	2,490,000	2,465,000	(5,000)	2,460,000	5,000	2.00% - 3.00%
October 30, 2012	602,000	483,000	(58,000)	425,000	58,000	0.75% - 3.00%
2015 GO 2005 Refunding	5,237,000	-	(102,000)	5,135,000	1,580,000	1.31%
Total Long Term Debt	\$ 33,174,000	<u>23,223,000</u>	<u>(6,805,000)</u>	<u>21,655,000</u>	<u>2,088,000</u>	
Unamortized premium / (discount)		<u>47,365</u>	<u>(22,794)</u>	<u>24,571</u>	<u>4,914</u>	
		<u>\$ 23,270,365</u>	<u>\$ (6,827,794)</u>	<u>\$ 21,679,571</u>	<u>\$ 2,092,914</u>	

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 7 - Long-Term Debt (continued)

Bonds Payable (continued)

The annual requirements to amortize all bonded debt outstanding as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 2,088,000	\$ 892,123
2017	2,232,000	848,277
2018	2,402,000	798,819
2019	2,602,000	742,840
2020	1,692,000	652,101
2021-2025	6,209,000	2,315,851
2026-2030	4,430,000	444,728
Total	<u>\$ 21,655,000</u>	<u>\$ 6,694,739</u>

Interest paid on the above debt was \$988,923 and interest expense for the current fiscal year is \$1,026,827.

Note 8 - Permanently Restricted Net Position/Fund Balance

During the year ended June 30, 2009 the Fletcher Fish Memorial Scholarship fund (Scholarship fund) was established in the amount of \$500,000. The contribution is permanently restricted by the donor. Only the income from the fund shall be used to award scholarships to Phoenix High School graduates attending postsecondary educational institutions and shall be awarded based on academic accomplishments and financial need. Two scholarships may be awarded annually. At June 30, 2015 the balance of the Scholarship fund is \$614,560. The Scholarship fund is currently invested in the Local Government Investment Pool earning average interest rate of .54%.

Note 9 - Other Post-Employment Benefits

Post-Employment Health Subsidy

Plan Description. The District provides a single-employer defined benefit post-retirement health benefits program. This program covers all full-time certified, classified and eligible administrative personnel of the District. This program was established in accordance with various employment contracts. The District does not issue a stand-alone report for this plan.

Different contracts govern the employees. For the Certified Staff, the plan is as follows:

For bargaining unit members hired before June 20, 2003, the early retirement incentive program is for current employees who are PERS eligible due to retirement and who have a minimum of fifteen (15) years of experience with the District in a licensed position, or a minimum of ten (10) years of experience with the District in a licensed position and on Step 15 of the salary schedule. The maximum participation allowed by the District is eight (8) years or until eligible for Social Security due to retirement. There are no survivor benefits. This optional early retirement program provides the employee with the following:

The sum of 2.65% of the teacher base salary per month for a maximum of 8 years or until eligible for Social Security, whichever occurs first.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 9 - Other Post-Employment Benefits (continued)

Post-Employment Health Subsidy (continued)

Plan Description (continued)

If the retiree so desires, current medical-hospital insurance may be continued. If the cost of the insurance exceeds the amount as defined above, the retiree will pay the difference.

For Classified Staff, the early retirement program is as follows:

Full time District classified staff hired prior to July 1, 2003, and who have completed twenty (20) years of continuous service with the District will receive the same paid medical coverage that current employees are receiving upon retirement from the District. The cost of the District paid coverage will not exceed the insurance cap of the current employees.

Any employee hired prior to July 1, 2003, who does not choose to receive the insurance benefits as outlined above, may elect to receive compensation in lieu of insurance benefits in the amount of \$100 per month. The maximum participation allowed for either the insurance, or compensation in lieu insurance benefit in the amount of \$100 per month, is eight (8) years or until the retiree is eligible for social security benefits, whichever comes first.

For Administrative personnel, the retirement benefits are as follows:

Administrative personnel hired prior to July 1, 2003, who are PERS eligible due to retirement and have a minimum of fifteen years' experience with the District, will be eligible for the retirement health benefit. Upon retirement, the employee will be awarded the same District paid medical benefits as would have been received as an active employee until eligible for social security benefits due to retirement. The maximum participation allowed by the District is eight (8) years. This benefit shall not exceed 10% of the amount paid for the insurance premium in the prior year. There are no survivor benefits.

If the employee chooses not to receive the medical insurance benefits, the retiree may elect to receive compensation in lieu of medical insurance in the amount equal to the medical premium for a period not to exceed eight (8) years or until eligible for social security benefits due to retirement, whichever comes first. There are no survivor benefits.

For Confidential employees, the retirement benefits are as follows:

Confidential employees are eligible for early retirement benefits if they are between the ages of 55 and 62 and they have a minimum of ten (10) years continuous service with the District and are on the top of their salary schedule. Confidential employees hired prior to July 1, 1989 are eligible for the early retirement program based on total years' service. Upon retirement, they will be awarded the same District paid medical benefits as their employed colleagues. The maximum participation allowed is until an employee reaches age 62.

Funding Policy. The District pays for all the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2015 the District recognized, on a budgetary basis, expenditures of approximately \$141 thousand for the post-employment healthcare benefits.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is reflected on the Statement of Net Position on the accrual basis, and is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 6 years.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 9 - Other Post-Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the District's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC)	\$ 140,978
Interest on Net OPEB Obligation	17,822
Adjustment to ARC	(76,032)
Annual OPEB cost	82,768
 Less: Contribution made	 (141,262)
 Increase in net OPEB obligation	 (58,494)
Net OPEB obligation - beginning of year	445,548
 Net OPEB obligation - end of year	 \$ 387,054

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB contributions for 2015 are as follows:

Fiscal Year	Annual Required Contribution	Contributions Made	Funded Ratio	Net OPEB Obligation
2015	\$ 140,978	\$ 141,262	100.2%	\$ 387,054
2014	160,491	148,794	92.7%	445,548
2013	155,817	188,020	120.7%	499,052

Actuarial methods and assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions included: (1) an assumed inflation rate of 3.0% and an assumed health care inflation rate of 8% per year in 2012-13 grading down to 5.0% in 20 years, (2) range of retirement age for employees with fewer than 15 years, between 15 and 30 years, and more than 30 years of service, (3) mortality rates for active participants (4) turnover and disability rates by age and years of service, as developed by Oregon PERS, (5) marital status, (6) coverage of eligible children, (7) and no investment return, due to lack of assets set aside to fund this program.

Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. The schedule of funding progress is required to report the last three actuarial valuations, the July 1, 2008, 2010, and 2012 are the valuations prepared to date.

For the District's initial valuation the Projected Unit Credit Method was the valuation method used to determine the District's OPEB liability. The Projected Unit Credit Method is comprised of two components: normal cost, and amortization payments. In its application of this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 9 - Other Post-Employment Benefits (continued)

Actuarial methods and assumptions (continued)

The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In additions, all gains or losses may be amortized each year. The UAAL is being amortized as a level percentage of payroll over future open periods.

Funded Status and Funding Progress. As of July 1, 2013 the actuarial accrued liability for benefits was \$688 thousand, and the actuarial value of assets was \$0, resulting in a UAAL of \$688 thousand. The covered payroll (annual payroll of active employees covered by the plan) was \$12.1 million for fiscal year 2014 and the ratio of the UAAL to the covered payroll was 5.7%. Using a 6-year amortization period the Annual Required Contribution (ARC) for 2015 was actuarially determined to be \$140,978.

STIPEND

Plan Description. The District provides a single-employer defined benefit early retirement supplement program until the participants are eligible for full Social Security benefits, which is described above.

Funding Policy. The District pays for all the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2015 the District recognized, on a budgetary basis, expenditures of approximately \$320,267 thousand for the early retirement supplement program.

Annual Pension Cost and Net Pension Obligation. The District's annual pension cost (expense) is reflected on the Statement of Net Position on the accrual basis, and is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 6 years. An amortization base of 6 years was used due to the large number of retirees currently receiving a stipend benefit. Given the current population, the District expects that number to decrease in future years.

The following table shows the components of the District's annual pension cost for the year ending June 30, 2015, the amount actually contributed to the plan, and changes in the District's net pension obligation.

Annual required contribution (ARC)	\$	559,942
Interest on Net OPEB Obligation		50,243
Adjustment to ARC		(214,350)
Annual OPEB cost		395,835
Less: Contribution made		(320,267)
Increase in net OPEB obligation		75,568
Net OPEB obligation - beginning of year		1,256,086
Net OPEB obligation - end of year	\$	1,331,654

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 9 - Other Post-Employment Benefits (continued)

Annual Pension Cost and Net Pension Obligation (continued)

The District's annual pension cost, the contribution, the percentage of annual pension cost contributed to the plan, and the net pension obligation for 2015 are as follows:

Fiscal Year	Annual Required Contribution	Contributions Made	Percentage Contributed	Net OPEB Obligation
2015	\$ 559,942	\$ 320,267	57.2%	\$ 1,331,654
2014	666,399	292,184	43.8%	1,014,401
2013	646,990	310,685	48.0%	1,014,401

Actuarial methods and assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions included: (1) an assumed inflation rate of 3.0% and an assumed health care inflation rate of 8% per year in 2012-13 grading down to 5.0% in 20 years, (2) range of retirement age for employees with fewer than 15 years, between 15 and 30 years, and more than 30 years of service, (3) mortality rates for active participants (4) turnover and disability rates by age and years of service, as developed by Oregon PERS, (5) marital status, (6) coverage of eligible children, (7) and no investment return, due to lack of assets set aside to fund this program.

Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. The schedule of funding progress is required to report the last three actuarial valuations, the July 1, 2008, 2010, and 2012 are the valuations prepared to date.

For the District's initial valuation the Projected Unit Credit Method was the valuation method used to determine the District's pension liability. The Projected Unit Credit Method is comprised of two components: normal cost, and amortization payments. In its application of this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In additions, all gains or losses may be amortized each year. The UAAL is being amortized as a level percentage of payroll over future open periods.

Funded Status and Funding Progress. As of July 1, 2012 the actuarial accrued liability for benefits was \$3.083 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$3.083 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.1 million for fiscal year 2014 and the ratio of the UAAL to the covered payroll was 25.4%. Using a 6-year amortization period the Annual Required Contribution (ARC) for 2015 was actuarially determined to be \$559,942.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 10 - Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

Plan Benefits -

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 238 and 238A.

Tier One/Tier Two Retirement Benefit (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003. *Pension Benefits* - The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

Disability Benefits - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 10 - Pension Plan (continued)

OPSRP Pension Program (Chapter 238A)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

Pension Benefits - This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire - 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

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

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions –

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$981,878, excluding amounts to fund employer specific liabilities.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 58 of the June 30, 2014 PERS CAFR.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 10 - Pension Plan (continued)

Pension Plan Comprehensive Annual Financial Report (CAFR) -

Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Actuarial Valuation -

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tire One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability -

Valuation Date:	December 31, 2012 rolled forward to June 30, 2014.
Actuarial Cost Method:	Entry age normal .
Experience Study Report:	2012, published September 18, 2013.
Amortization Method:	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method:	Market value of assets.
Asset Valuation Method:	Market value of assets
Inflation Rate:	2.75%
Investment Rate of Return:	7.75%
Projected Salary Increases	3.75%
Mortality:	Health Retirees and Beneficiaries: RP-2000 sex-distinct, generational per scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled Retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability (Continued) -

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 10 - Pension Plan (continued)

Discount Rate -

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return -

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 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. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

<u>Asset Class</u>	<u>Target %</u>	<u>Compound Annual Return</u>
Core Fixed Income	7.20	4.50
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.1
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.2
Mid Cap US Equities	3.88	7.3
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.9
Emerging Foreign Equities	5.49	7.4
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07

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

At June 30, 2015, the District reported an asset of \$2,955,170 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2012. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District's proportion was approximately 0.1304 percent.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 10 - Pension Plan (continued)

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

For the year ended June 30, 2015, the District recognized pension income (offset to expense) of \$2,683,137. Pension income was generated during the measurement period primarily as a result of greater than anticipated investment returns at the OPERS level. The \$2,683,137 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 61%, 35%, and 4% respectively. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments:	\$ -	\$ 5,702,282
Change in proportion and differences between employer contributions and proportionate share of contributions:	88,444	-
District's contributions subsequent to the measurement date:	981,878	-
Total	\$ 1,070,322	\$ 5,702,282

\$1,070,322, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2016	\$ (1,406,343)
2017	(1,406,343)
2018	(1,406,343)
2019	(1,406,343)
2020	11,536
Therafter	-
Total	\$ (5,613,836)

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 10 - Pension Plan (continued)

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.75 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 (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

City's Net Pension Asset/(Liability)	1% Decrease (6.75)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Defined Benefit Pension Plan	\$ 6,257,983	\$ (2,955,170)	\$ (10,747,337)

Note 11 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

Note 12 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Jackson County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2015.

Note 14 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2015 through the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. The following event and transaction occurred after June 30, 2015 through the date the financial statements were available for issuance.

On April 30, 2015, the Oregon Supreme Court ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed with continue to receive a COLA tied to the consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Basic Financial Statements
June 30, 2015

Note 14 - Subsequent Events (continued)

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology to result in a shift from a net pension asset to a net pension liability.

REQUIRED SUPPLEMENTARY INFORMATION

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES				
Local sources:				
Property taxes	\$ 7,350,000	\$ 7,350,000	\$ 7,539,591	\$ 189,591
Charges for services	147,500	147,500	97,993	(49,507)
Donations	1,000	1,000	64	(936)
Interest on investments	18,000	18,000	23,514	5,514
Miscellaneous	205,500	205,500	139,512	(65,988)
State sources:				
Basic school support	15,560,000	15,560,000	15,734,321	174,321
Intergovernmental	228,000	228,000	251,887	23,887
Federal sources:				
Intergovernmental	40,000	40,000	43,249	3,249
TOTAL REVENUES	23,550,000	23,550,000	23,830,131	280,131
EXPENDITURES				
Current:				
Instruction	13,050,860	13,050,860	13,136,808	(85,948)
Support services	9,350,140	9,350,140	9,209,085	141,055
Debt service	1,194,000	1,194,000	1,193,767	233
Facilities acquisition and construction	5,000	5,000	-	5,000
Contingency	500,000	500,000	-	500,000
TOTAL EXPENDITURES	24,100,000	24,100,000	23,539,660	560,340
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(550,000)	(550,000)	290,471	840,471
OTHER FINANCING SOURCES (USES):				
Proceeds from bond refunding	-	-	48,400	48,400
Bond refunding fees	-	-	(42,819)	(42,819)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,581	5,581
NET CHANGE IN FUND BALANCE	(550,000)	(550,000)	296,052	846,052
FUND BALANCE, July 1, 2014	750,000	750,000	954,410	204,410
FUND BALANCE, June 30, 2015	\$ 200,000	\$ 200,000	\$ 1,250,462	\$ 1,050,462

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS & SPECIAL PROGRAMS FUND
YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES				
Local sources:				
Taxes	\$ 155,000	\$ 155,000	\$ 145,018	\$ (9,982)
Charges for services	870,000	870,000	695,321	(174,679)
Donations	64,000	64,000	24,679	(39,321)
Interest on investments	10,000	10,000	5,286	(4,714)
Miscellaneous	73,000	73,000	65,488	(7,512)
Intermediate sources:				
Miscellaneous	20,000	20,000	9,799	(10,201)
State sources:				
Basic school support	13,000	13,000	11,079	(1,921)
Intergovernmental	5,000	5,000	319,826	314,826
Federal sources:				
Intergovernmental	3,040,000	3,040,000	2,342,916	(697,084)
TOTAL REVENUES	4,250,000	4,250,000	3,619,412	(630,588)
EXPENDITURES				
Current:				
Instruction	1,984,987	1,984,987	1,495,405	489,582
Support services	473,802	473,802	681,619	(207,817)
Enterprise and community services	1,437,676	1,437,676	1,226,871	210,805
Facilities acquisition and construction	203,535	203,535	113,824	89,711
TOTAL EXPENDITURES	4,100,000	4,100,000	3,517,719	582,281
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	150,000	150,000	101,693	(48,307)
FUND BALANCE, July 1, 2014	1,250,000	1,250,000	1,572,030	322,030
FUND BALANCE, June 30, 2015	\$ 1,400,000	\$ 1,400,000	\$ 1,673,723	\$ 273,723

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) unit credit (b)	Unfunded (funded) AAL (b - a)	Funded ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of covered payroll [(b - a) / c]
7/1/2010	-	4,308,047	4,308,047	0%	12,491,000	34%
7/1/2012	-	3,771,268	3,771,268	0%	12,501,000	30%
7/1/2014	-	3,394,024	3,394,024	0%	TBD	TBD

The above table represents the most recent actuarial valuation for the District's other postemployment benefits and provides information that approximates the funding progress of the plan.

The AAL reported above is comprised of:

	7/1/2010
Stipend	\$ 3,461,782
Explicit	846,265
Implicit	-
Total	\$ 4,308,047

The AAL reported above is comprised of:

	7/1/2012
Stipend	\$ 3,083,417
Explicit	687,851
Implicit	-
Total	\$ 3,771,268

The AAL reported above is comprised of:

	7/1/2014
Stipend	\$ 2,734,359
Explicit	659,665
Implicit	-
Total	\$ 3,394,024

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND SCHEDULE OF THE CITY'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

Jackson County School District No. 4 Proportionate Share of Net Pension Asset / (Liability)

	<u>2015</u>	<u>2014</u>
District proportion of the net pension asset/(liability)	0.1303724%	0.1303724%
District's proportion of the net pension asset/(liability)	\$ 2,955,170	\$ (6,653,095)
District's covered-employee payroll	\$ 10,954,483	\$ 11,043,818
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	26.98%	60.24%
Plan fiduciary net position as a percentage of the total pension liability	103.59%	91.97%

Jackson County School District No. 4 Contributions

	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 981,878	\$ 1,311,290
Contribution in relation to the contractually required	<u>(981,878)</u>	<u>(1,311,290)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 10,917,979	\$ 10,954,483
Contributions as a percentage of covered-employee payroll	8.99%	11.97%

Note 1 - Changes of Benefit Terms and Assumptions -

No such changes have occurred since the actuarial valuation date of December 31, 2012.

OTHER SUPPLEMENTARY INFORMATION

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources:				
Property taxes	\$ 1,435,500	\$ 1,435,500	\$ 1,436,093	\$ 593
Interest on investments	4,500	4,500	4,407	(93)
Miscellaneous	-	-	3,551	3,551
TOTAL REVENUES	1,440,000	1,440,000	1,444,051	4,051
EXPENDITURES				
Debt service	1,527,000	1,527,000	1,529,098	(2,098)
TOTAL EXPENDITURES	1,527,000	1,527,000	1,529,098	(2,098)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(87,000)	(87,000)	(85,047)	1,953
OTHER FINANCING SOURCES (USES):				
Debt financing sources (uses)	-	-	5,188,600	5,188,600
Debt service - redemption of principal & interest	-	-	(5,188,600)	(5,188,600)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(87,000)	(87,000)	(85,047)	1,953
FUND BALANCE, July 1, 2014	135,000	135,000	150,304	15,304
FUND BALANCE, June 30, 2015	\$ 48,000	\$ 48,000	\$ 65,257	\$ 17,257

OTHER FINANCIAL SCHEDULES

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

	Tax Year	Uncollected July 1, 2014	Levy as Extended by Assessor	Discounts and Adjustments	Interest	Collections Per Treasurer	Uncollected June 30, 2015
GENERAL FUND:							
Current	2014-15		\$ 7,721,131	\$ (174,747)	\$ 3,598	\$ (7,243,205)	\$ 306,777
Prior	2013-14	\$ 327,267		(42,425)	8,950	(162,270)	131,522
	2012-13	141,483		(2,409)	9,305	(61,462)	86,917
	2011-12	91,523		1,904	11,051	(42,529)	61,949
	2010-11	53,955		(11,221)	5,978	(37,889)	10,823
	2009-10	12,349		(1,653)	1,088	(4,681)	7,103
	2008-09	7,278		(759)	764	(2,192)	5,091
	Prior	23,315		(937)	3,057	(10,005)	15,430
Total prior		657,170	-	(57,500)	40,193	(321,028)	318,835
TOTAL GENERAL FUND		<u>\$ 657,170</u>	<u>\$ 7,721,131</u>	<u>\$ (232,247)</u>	<u>\$ 43,791</u>	<u>\$ (7,564,233)</u>	<u>\$ 625,612</u>
Debt Service Fund							
Current	2014-15		\$ 1,463,180	\$ (33,115)	\$ 682	\$ (1,372,612)	\$ 58,135
Prior	2013-14	\$ 67,178		(8,708)	1,837	(33,310)	26,997
	2012-13	26,973		(459)	1,774	(11,717)	16,571
	2011-12	17,889		372	2,160	(8,313)	12,108
	2010-11	11,008		(2,289)	1,220	(7,731)	2,208
	2009-10	2,604		(348)	229	(987)	1,498
	2008-09	1,456		(152)	153	(438)	1,019
	Prior	9,137		(1,220)	904	(3,749)	5,072
Total prior		136,245	-	(12,804)	8,277	(66,245)	65,473
TOTAL DEBT SERVICE FUND		<u>\$ 136,245</u>	<u>\$ 1,463,180</u>	<u>\$ (45,919)</u>	<u>\$ 8,959</u>	<u>\$ (1,438,857)</u>	<u>\$ 123,608</u>

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**2014 - 15 DISTRICT AUDIT REVENUE SUMMARY
Phoenix-Talent School District #4**

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$7,536,975		\$1,435,574				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax		\$145,018					
1190 Penalties and Interest on Taxes	\$2,616		\$519				
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$23,514	\$5,286	\$4,407				
1600 Food Service		\$212,560					
1700 Extracurricular Activities	\$29,845	\$482,761					
1800 Community Services Activities							
1910 Rentals	\$3,275						
1920 Contributions and Donations From Private Sources	\$64	\$24,679					
1930 Rental or Lease Payments From Private Contractors	\$36,000						
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals	\$7,722						
1960 Recovery of Prior Years' Expenditure	\$8,082						
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$21,151						
1990 Miscellaneous	\$131,430	\$65,488	\$3,551				
Total Revenue from Local Sources	\$7,800,674	\$935,792	\$1,444,051	\$0	\$0	\$0	\$0
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds							
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources		\$4,609					
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District		\$5,190					
Total Revenue from Intermediate Sources	\$0	\$9,799	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$15,734,321						
3102 State School Fund - School Lunch Match		\$11,079					
3103 Common School Fund	\$251,887						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$319,826					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$15,986,209	\$330,905	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$2,277,020					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$43,249						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$65,896					
Total Revenue from Federal Sources	\$43,249	\$2,342,916	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	\$48,400		\$5,188,600				
5200 Interfund Transfers							
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$954,410	\$1,572,030	\$150,304				
Total Revenue from Other Sources	\$1,002,810	\$1,572,030	\$5,338,904	\$0	\$0	\$0	\$0
Grand Totals	\$24,832,942	\$5,191,441	\$6,782,955	\$0	\$0	\$0	\$0

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Phoenix-Talent School District #4

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$4,231,305	\$2,679,706	\$1,353,850	\$130,656	\$66,713		\$380	
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$2,251,988	\$1,442,027	\$662,393	\$60,129	\$87,265		\$175	
1122 Middle/Junior High School Extracurricular	\$113,807	\$89,649	\$14,694	\$404	\$2,073		\$6,987	
1131 High School Programs	\$2,749,835	\$1,708,559	\$801,633	\$81,264	\$154,306		\$4,073	
1132 High School Extracurricular	\$354,459	\$214,031	\$44,049	\$40,646	\$17,873		\$37,860	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$6,114			\$3,480	\$103		\$2,531	
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$2,027,681	\$1,121,313	\$697,878	\$173,169	\$35,179		\$141	
1260 Treatment and Habilitation	\$56,258			\$56,258				
1271 Remediation	\$5,750				\$5,750			
1272 Title I	\$0							
1280 Alternative Education	\$831,932	\$50	\$13	\$831,869				
1291 English Second Language Programs	\$486,654	\$309,242	\$166,689	\$10,030	\$693			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$21,024	\$10,023	\$2,632	\$7,709	\$659			
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$13,136,808	\$7,574,601	\$3,743,832	\$1,395,614	\$370,614	\$0	\$52,147	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$185,173	\$88,954	\$52,739	\$43,106	\$73		\$300	
2120 Guidance Services	\$393,885	\$224,444	\$141,277	\$26,860	\$1,278		\$25	
2130 Health Services	\$32,010			\$31,565	\$445			
2140 Psychological Services	\$11,240			\$11,240				
2150 Speech Pathology and Audiology Services	\$202,124	\$135,356	\$62,461	\$1,650	\$1,887		\$770	
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$197,722	\$129,160	\$65,963	\$269	\$1,620		\$710	
2210 Improvement of Instruction Services	\$44,517	\$14,310	\$7,398	\$639	\$22,170			
2220 Educational Media Services	\$325,015	\$175,876	\$108,382	\$1,311	\$39,446			
2230 Assessment & Testing	\$619				\$619			
2240 Instructional Staff Development	\$23,264	\$1,591	\$420	\$21,253				
2310 Board of Education Services	\$46,724	\$10,228	\$10,321	\$10,709	\$6,736		\$8,730	
2320 Executive Administration Services	\$213,220	\$137,994	\$63,229	\$7,327	\$3,336		\$1,335	
2410 Office of the Principal Services	\$1,944,346	\$1,171,360	\$605,519	\$95,855	\$63,243		\$8,369	
2490 Other Support Services - School Administration	\$32,622	\$220	\$18	\$838	\$31,547			
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$653,099	\$259,191	\$119,152	\$39,329	\$18,396		\$217,031	
2540 Operation and Maintenance of Plant Services	\$2,115,457	\$627,433	\$366,054	\$926,217	\$181,769	\$11,879	\$2,104	
2550 Student Transportation Services	\$1,544,736			\$1,544,736				
2570 Internal Services	\$24,550			\$24,550				
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$21,911	\$7,480	\$7,020	\$6,078	\$1,333			
2640 Staff Services	\$230,370	\$146,737	\$56,908	\$22,640	\$1,798		\$2,287	
2660 Technology Services	\$465,005	\$192,295	\$113,174	\$51,606	\$92,376	\$15,155	\$399	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$39,948		\$39,948					
2700 Supplemental Retirement Program	\$461,529	\$320,267	\$141,262					
Total Support Services Expenditures	\$9,209,085	\$3,642,896	\$1,961,245	\$2,867,777	\$468,073	\$27,034	\$242,060	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$1,236,586						\$1,236,586	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$1,236,586	\$0	\$0	\$0	\$0	\$0	\$1,236,586	\$0
Grand Total	\$23,582,479	\$11,217,498	\$5,705,077	\$4,263,391	\$838,687	\$27,034	\$1,530,792	\$0

**2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Phoenix-Talent School District #4**

Fund: 200 Special Revenue Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$6,096			\$3,427	\$2,669			
1113 Elementary Extracurricular	\$79,001				\$79,001			
1121 Middle/Junior High Programs	\$2,436			\$1,914	\$522			
1122 Middle/Junior High School Extracurricular	\$49,670				\$49,670			
1131 High School Programs	\$11,351			\$2,353	\$8,998			
1132 High School Extracurricular	\$361,309				\$361,309			
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$10,000			\$10,000				
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$246,448	\$140,534	\$94,285	\$9,451	\$2,178			
1260 Treatment and Habilitation	\$2,928			\$2,928				
1271 Remediation	\$0							
1272 Title I	\$720,993	\$447,738	\$263,711		\$9,544			
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$5,174				\$5,174			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$1,495,405	\$588,273	\$357,996	\$30,073	\$519,063	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$5,001			\$5,000	\$1			
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$100,837	\$68,447	\$31,413	\$98	\$879			
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$18,781	\$10,220	\$6,736	\$913	\$412		\$500	
2210 Improvement of Instruction Services	\$41,886	\$12,991	\$6,271	\$9,037	\$13,587			
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$6,738				\$6,738			
2240 Instructional Staff Development	\$473,919	\$209,309	\$80,450	\$176,477	\$7,584		\$99	
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$4,967			\$4,532	\$435			
2510 Direction of Business Support Services	\$4,417			\$4,417				
2520 Fiscal Services	\$21,391						\$21,391	
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$3,681			\$1,640	\$2,042			
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$681,619	\$300,967	\$124,869	\$202,114	\$31,678	\$0	\$21,990	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$1,182,352	\$5,008	\$2,692	\$1,163,227	\$3,049		\$8,376	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$44,519	\$2,368	\$603	\$39,697	\$1,852			
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$1,226,871	\$7,376	\$3,295	\$1,202,924	\$4,900	\$0	\$8,376	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$67,305					\$67,305		
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$46,519					\$46,519		
Total Facilities Acquisition and Construction Expenditures	\$113,824	\$0	\$0	\$0	\$0	\$113,824	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$3,517,719	\$896,616	\$486,160	\$1,435,112	\$555,642	\$113,824	\$30,366	\$0

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Phoenix-Talent School District #4

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$6,717,698						\$6,717,698	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$6,717,698	\$0	\$0	\$0	\$0	\$0	\$6,717,698	\$0
Grand Total	\$6,717,698	\$0	\$0	\$0	\$0	\$0	\$6,717,698	\$0

SUPPLEMENTAL INFORMATION, 2014-2015

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Part A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 587,259.96
Function 2550	\$ 0

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

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

Exclude these functions:

1113, 1122 & 1132
 1140
 1300
 1400

Co-curricular Activities
 Pre-Kindergarten
 Continuing Education
 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$ 11,878.84

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Jackson County School District No. 4
Phoenix-Talent, Oregon

We have audited the basic financial statements Jackson County School District No. 4 (the District) as of and for the year ended June 30, 2015, and have issued our report thereon dated December 29, 2015. 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.

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 statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows: The District over-spent its appropriation authority in the following funds and categories:

General Fund:	
Instruction	\$85,948
Special Revenue Fund	
Support Services	\$207,817
Debt Service Fund	
Debt Service	\$2,098

When testing teacher experience as a factor in the State School Fund calculation, we noted one exception within a testing population of 20 teachers. More specifically, the exception reported an additional four years of experience erroneously.

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 the District's Board, Management of the District and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these parties.

Stewart C. Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 29, 2015

**Items required by the Single Audit Act
Amendments of 1996 for Federal award programs**

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

Board of Directors
Jackson County School District No. 4
Phoenix-Talent, 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 Jackson County School District No. 4 (the District) as of and for the year ended June 30, 2015 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 29, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Board of Directors
Jackson County School District No. 4
Phoenix-Talent, Oregon

Purpose of this Report

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

A handwritten signature in cursive script that reads "Stewart C. Parmele CPA, Partner".

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 29, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY *OMB CIRCULAR A-133***

Board of Directors
Jackson County School District No. 4
Phoenix-Talent, Oregon

Report on Compliance for Each Major Federal Program

We have audited Jackson County School District No. 4's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of The District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Board of Directors
Jackson County School District No. 4
Phoenix-Talent, Oregon

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 29, 2015

**JACKSON COUNTY SCHOOL DISTRICT #4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Award	Balance June 30, 2014	Receipts	Disbursements	Balance June 30, 2015
<u>U.S. Department of Education:</u>							
Passed Through Oregon Department of Education:							
Title I (13-14)	84.010		795,841	\$ (81,032)	\$ 140,841	\$ (59,809)	\$ -
Title I (14-15)	84.010		829,578	-	560,000	(753,933)	(193,933)
Program total				(81,032)	700,841	(813,742)	(193,933)
Extended Assessment	84.027		900		896	(896)	-
SPR & I (13-14)	84.027		2,930	(430)	430	-	-
SPR & I (14-15)	84.027		3,035	-	3,035	(3,035)	-
IDEA (13-14)	84.027		408,195	(41,430)	145,512	(104,082)	-
IDEA (14-15)	84.027		436,823	-	170,000	(263,493)	(93,493)
IDEA Enhancement (13-14)	84-027		2,652	(1,787)	2,599	(812)	-
IDEA Enhancement (14-15)	84-027		2,652		2,652	(2,652)	-
Special Ed Preschool Grant (13-14)	84.173		2,928	-	2,928	(2,928)	-
Program total (cluster)				(43,647)	328,053	(377,898)	(93,493)
SPDG EBISS Breath	84.323		3,000	-	128	(128)	-
Title III (13-14)	84.365		47,425	(9,331)	17,309	(8,841)	(862)
Title III (14-15)	84.365		44,985		22,000	(27,566)	(5,566)
Program total				(9,331)	39,309	(36,407)	(6,428)
Title IIA (13-14)	84.367		112,203	(21,151)	48,203	(27,053)	-
Title IIA (14-15)	84.367		113,305	-	88,000	(113,305)	(25,305)
Program total				(21,151)	136,203	(140,358)	(25,305)
Passed through Southern Oregon ESD:							
Carl Perkins	84.048		5,802	-	5,802	(5,802)	-
Total Department of Education				(155,160)	1,210,335	(1,374,334)	(319,159)

**JACKSON COUNTY SCHOOL DISTRICT #4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

U.S. Department of Agriculture:

Passed Through Oregon Department of Education:

Commodities NSLP	10.555	65,236	-	65,236	(65,236)	-
National School Breakfast	10.553	208,796	(9,315)	209,624	(208,796)	(8,487)
National School Lunch	10.555	633,029	(27,906)	636,018	(633,029)	(24,917)
National School Lunch/Breakfast/Summ	10.559	23,930	(4,028)	23,909	(23,930)	(4,050)
Commodities SFSP	10.559	660	-	660	(660)	-

Program total (cluster)			(41,249)	935,447	(931,651)	(37,453)
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Child & Adult Care Food Program	10.558	16,573	(898)	16,761	(16,573)	(710)
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Fresh Fruit and Vegetable Program	10.582	20,357	(1,345)	19,513	(20,357)	(2,189)
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Passed through Southern Oregon Education Service District:

Federal Forest Fees	10.665	43,249	-	43,249	(43,249)	-
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Total Department of Agriculture			(43,493)	1,014,971	(1,011,830)	(40,352)
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Total Federal Financial Assistance			\$ (198,653)	2,225,306	(2,386,164)	(359,511)
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Note A - Significant accounting policies

The accompanying schedule of expenditures of federal award is a summary of the activity of the District's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Note B - Food distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Jackson County School District No. 4.
2. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.

Federal Awards

3. The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 for the major federal award programs for the District expresses an unmodified opinion.
4. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
5. The programs tested as major programs include:

<u>U.S. Department of Education</u>	
Title I	CFDA #84.010
Title IIA	CFDA #84.367

6. The threshold for distinguishing Types A and B Programs was \$300,000.
7. Jackson County School District No. 4 qualified as a low-risk auditee under the criteria specified in OMB Circular A -133.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None