$67,996,046.05
Phoenix-Talent School District No. 4
Jackson County, Oregon
General Obligation Bonds, Series 2018

$48,101,046.05 Series 2018A	**$19,895,000 Series 2018B**
($103,370,000 Maturity Amount)	**(Tax-Exempt Current Interest Bonds)**
(Tax-Exempt Deferred Interest Bonds)	

DATED: March 20, 2018 ("Date of Delivery") **DUE: June 15, as shown below on the inside cover**

PURPOSE— The $48,101,046.05 General Obligation Bonds, Series 2018A (Tax-Exempt Deferred Interest Bonds) (the "2018A Bonds") and the $19,895,000 General Obligation Bonds, Series 2018B (Tax-Exempt Current Interest Bonds) (the "2018B Bonds" collectively, the "Bonds") are being issued by the Phoenix-Talent School District No. 4 in Jackson County, Oregon (the "District"). The Bonds are being issued to finance capital costs for the District, and to pay the costs of issuance of the Bonds. See "Purpose and Use of Proceeds" herein.

S&P GLOBAL RATINGS—"A+" underlying; "AA+" enhanced. See "Oregon School Bond Guaranty" and "Ratings" herein.

NOT BANK QUALIFIED— The District has NOT designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Bonds will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS— Principal of and interest on the Bonds will be payable by the District's Paying Agent, initially U.S. Bank National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds at the address appearing upon the registration books on the last business day (the "Record Date") of the month preceding a payment date.

Deferred Interest Bonds. The 2018A Bonds are being issued as deferred interest bonds and will be dated as of the date of their delivery, payable at maturity or early redemption date. Interest on the 2018A Bonds will be payable only at maturity or early redemption date, and will be compounded semiannually (for the accreted value of the 2018A Bonds of each maturity as of each June 15 and December 15, see "Accreted Value Table" herein). The 2018A Bonds will be issued in "Maturity Amount" denominations of $5,000, or integral multiples thereof within a maturity. The "Maturity Amount" for the 2018A Bonds represents the total amount of principal and the compounded interest accreted thereon to the maturity date.

Current Interest Bonds. The 2018B Bonds are being issued as current interest bonds. Interest on the 2018B Bonds will be paid on December 15, 2018 and semiannually thereafter on June 15 and December 15 of each year to the maturity or earlier redemption of the 2018B Bonds.

MATURITY SCHEDULE—See inside front cover.

REDEMPTION—The Bonds are subject to optional redemption prior to their stated maturities as further described herein.

SECURITY—The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds to levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise by Sections 11 or 11b of Article XI of the Oregon Constitution. The Bonds do not constitute a debt or indebtedness of Jackson County, the State of Oregon, or any political subdivision thereof other than the District.

Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the
State of Oregon
under the provisions of the Oregon School Bond Guaranty Act. See "Oregon School Bond Guaranty" within.

TAX MATTERS— *In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. See "Tax Matters" herein for a discussion of the opinion of Bond Counsel.*

DELIVERY—The Bonds are offered for sale to the original purchaser subject to the final approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on or about the Date of Delivery.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PiperJaffray.

Phoenix-Talent School District No. 4
Jackson County, Oregon
General Obligation Bonds, Series 2018

DATED: Date of Delivery **DUE:** June 15, as shown below

MATURITY SCHEDULE —

$48,101,046.05 General Obligation Bonds, Series 2018A
($103,370,000.00 Maturity Amount) (Tax-Exempt Deferred Interest Bonds)

Due June 15	Original Principal Amounts	Final Maturity Amount	Principal per $5,000 at Maturity	Approximate Yield to Maturity	CUSIP® 71915P
2020	$ 1,374,744.80	$ 1,430,000.00	$ 4,806.80	1.770%	BF5
2021	2,247,779.35	2,395,000.00	4,692.65	1.970%	BG3
2022	2,276,038.80	2,495,000.00	4,561.20	2.180%	BH1
2023	2,293,798.35	2,595,000.00	4,419.65	2.370%	BJ7
2024	2,306,769.90	2,705,000.00	4,263.90	2.570%	BK4
2025	2,301,137.10	2,810,000.00	4,094.55	2.780%	BL2
2026	2,281,016.65	2,915,000.00	3,912.55	3.000%	BM0
2032	1,092,518.40	1,920,000.00	2,845.10	4.000%	BT5
2033	2,280,009.25	4,175,000.00	2,730.55	4.010%	BU2
2034	2,238,967.00	4,300,000.00	2,603.45	4.060%	BV0
2035	2,198,384.25	4,425,000.00	2,484.05	4.100%	BW8
2036	2,163,720.00	4,560,000.00	2,372.50	4.130%	BX6
2037	2,126,506.35	4,695,000.00	2,264.65	4.160%	BY4
2038	2,082,990.80	4,840,000.00	2,151.85	4.210%	BZ1
2039	2,045,046.40	4,985,000.00	2,051.20	4.240%	CA5
2040	2,009,267.10	5,130,000.00	1,958.35	4.260%	CB3
2041	1,953,230.30	5,285,000.00	1,847.90	4.330%	CC1
2042	1,923,391.80	5,445,000.00	1,766.20	4.340%	CD9
2043	1,892,023.80	5,605,000.00	1,687.80	4.350%	CE7
2044	1,862,495.25	5,775,000.00	1,612.55	4.360%	CF4
2045	1,833,016.50	5,950,000.00	1,540.35	4.370%	CG2
2046	1,802,097.50	6,125,000.00	1,471.10	4.380%	CH0
2047	1,772,731.40	6,310,000.00	1,404.70	4.390%	CJ6
2048	1,743,365.00	6,500,000.00	1,341.05	4.400%	CK3

$19,895,000 General Obligation Bonds, Series 2018B - (Tax-Exempt Current Interest Bonds)

Due June 15	Amounts	Interest Rates	Yields	CUSIP® 71915P	Due June 15	Amounts	Interest Rates	Yields	CUSIP® 71915P
2027	$ 3,050,000	4.000%	2.630%	CM9	2030	$ 3,840,000	5.000%	2.840% (1)	CQ0
2028	3,280,000	4.000	2.720	CN7	2031	4,160,000	5.000	2.890 (1)	CR8
2029	3,535,000	5.000	2.790 (1)	CP2	2032	2,030,000	5.000	2.940 (1)	CS6

(1) Yield based on pricing to the optional redemption date of June 15, 2028.

Phoenix-Talent School District No. 4

401 West 4th St.
P.O. Box 698
Phoenix, Oregon 97535
(541) 535-1517

Board of Education

Craig Prewitt	Chair
Nate Shinn	Vice-Chair
Sara Crawford	Director
Richard A. Nagel	Director
Shana Vos	Director
Dawn Watson	Director
Lori Ghavam	Director

School Administrative Staff

Brent Barry	Superintendent
Cally McKenzie	Assistant Superintendent
Yazmin Karabinas	Director of Accounting

Bond Counsel
Hawkins Delafield & Wood LLP
Portland, Oregon
(503) 402-1320

Paying Agent
U.S. Bank National Association
Global Corporate Trust Services
Portland, Oregon
(503) 464-3756

Piper Jaffray & Co. (the "Underwriter") has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The District makes no representation regarding the accuracy or completeness of the information provided for matters relating to DTC and its book-entry system, the State and the State School Bond Guaranty, the Paying Agent and the information under the heading "Underwriting."

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Capital IQ, a division of S&P Global Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the Bonds. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The prices at which the Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside cover page. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Bonds, the Underwriter may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the States in which the Bonds have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these States nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT
Phoenix-Talent School District No. 4
Jackson County, Oregon

$67,996,046.05
General Obligation Bonds, Series 2018

$48,101,046.05 Series 2018A
($103,370,000 Maturity Amount)
(Tax-Exempt Deferred Interest Bonds)

$19,895,000 Series 2018B
(Tax-Exempt Current Interest Bonds)

Phoenix-Talent School District No. 4 in Jackson County, Oregon (the "District"), a school district duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of $48,101,046.05 aggregate principal amount of General Obligation Bonds, Series 2018A (Tax-Exempt Deferred Interest Bonds) (the "2018A Bonds,") and $19,895,000 aggregate principal amount of General Obligation Bonds, Series 2018B (Tax-Exempt Current Interest Bonds) (the "2018B Bonds" collectively, the "Bonds"), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, and appendices, provides information concerning the District and the Bonds.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "estimated," "projected," "anticipate," "expect," "intend," "plan," "believe" and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in the entirety by the cautionary statements set forth in this Official Statement.

Piper Jaffray & Co. (the "Underwriter") has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Description of the Bonds

Principal Amount, Date, Interest Rates and Maturities

The Bonds will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement.

Deferred Interest Bonds. The 2018A Bonds will be issued as deferred interest bonds (the "Deferred Interest Bonds") in the aggregate principal amount posted on the inside cover of this Official Statement and will be dated the Date of Delivery. The original purchase price plus the total amount of interest accrued with respect to a Deferred Interest Bond (together, the "Accreted Value") will not necessarily equal the market value of that Deferred Interest Bond at any time. The market value of a Deferred Interest Bond is determined by a number of factors, including but not limited to the yield on that Deferred Interest Bond, yields available on other taxable and tax-exempt investments, and general market conditions. Purchasers who may have to sell Deferred Interest Bonds prior to maturity should consider the market risk associated with deferred interest bonds.

The stated approximate yield on the Deferred Interest Bonds is determined based on the assumption that the Deferred Interest Bonds will be held to maturity. The yield would be affected if the Deferred Interest Bonds were sold prior to maturity. The resale value of the Deferred Interest Bonds will be affected by market factors, particularly prevailing market interest rates at the time of the sale. A table of accreted values for the Deferred

Interest Bonds per $5,000 Maturity Amount, based on the initial offering prices and the approximate interest rates therefore is provided in this Official Statement for informational purposes only (see "Accreted Value Table" below).

The Deferred Interest Bonds will mature on the dates and in the Maturity Amounts and will bear interest until the maturity of the Deferred Interest Bonds at the rates set forth on the inside cover of this Official Statement. Interest accruing and compounded interest on the Deferred Interest Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Accreted Value Table

Date	6/15/2020 1.77%	6/15/2021 1.97%	6/15/2022 2.18%	6/15/2023 2.37%	6/15/2024 2.57%	6/15/2025 2.78%	6/15/2026 3.00%	6/15/2032 4.00%	6/15/2033 4.01%	6/15/2034 4.06%	6/15/2035 4.10%
3/20/2018	$4,806.80	$4,692.65	$4,561.20	$4,419.65	$4,263.90	$4,094.55	$3,912.55	$2,845.10	$2,730.55	$2,603.45	$2,484.05
6/15/2018	4,826.80	4,714.40	4,584.60	4,444.35	4,289.70	4,121.30	3,940.15	2,871.85	2,756.25	2,628.30	2,508.00
12/15/2018	4,869.55	4,760.85	4,634.60	4,497.00	4,344.80	4,178.60	3,999.25	2,929.30	2,811.55	2,681.65	2,559.40
6/15/2019	4,912.65	4,807.75	4,685.10	4,550.30	4,400.65	4,236.70	4,059.20	2,987.85	2,867.90	2,736.10	2,611.85
12/15/2019	4,956.10	4,855.10	4,736.15	4,604.20	4,457.20	4,295.55	4,120.10	3,047.65	2,925.40	2,791.65	2,665.40
6/15/2020	5,000.00	4,902.90	4,787.80	4,658.75	4,514.45	4,355.30	4,181.90	3,108.60	2,984.05	2,848.30	2,720.05
12/15/2020	--	4,951.20	4,840.00	4,713.95	4,572.50	4,415.80	4,244.65	3,170.75	3,043.90	2,906.10	2,775.80
6/15/2021	--	5,000.00	4,892.75	4,769.85	4,631.25	4,477.20	4,308.30	3,234.15	3,104.95	2,965.10	2,832.70
12/15/2021	--	--	4,946.05	4,826.35	4,690.75	4,539.45	4,372.95	3,298.85	3,167.20	3,025.30	2,890.80
6/15/2022	--	--	5,000.00	4,883.55	4,751.00	4,602.55	4,438.55	3,364.85	3,230.70	3,086.70	2,950.05
12/15/2022	--	--	--	4,941.40	4,812.05	4,666.50	4,505.10	3,432.15	3,295.45	3,149.40	3,010.50
6/15/2023	--	--	--	5,000.00	4,873.90	4,731.35	4,572.70	3,500.75	3,361.55	3,213.30	3,072.25
12/15/2023	--	--	--	--	4,936.55	4,797.15	4,641.30	3,570.80	3,428.95	3,278.55	3,135.20
6/15/2024	--	--	--	--	5,000.00	4,863.80	4,710.90	3,642.20	3,497.70	3,345.10	3,199.50
12/15/2024	--	--	--	--	--	4,931.45	4,781.55	3,715.05	3,567.80	3,413.00	3,265.10
6/15/2025	--	--	--	--	--	5,000.00	4,853.30	3,789.35	3,639.35	3,482.30	3,332.00
12/15/2025	--	--	--	--	--	--	4,926.10	3,865.15	3,712.30	3,553.00	3,400.30
6/15/2026	--	--	--	--	--	--	5,000.00	3,942.45	3,786.75	3,625.10	3,470.05
12/15/2026	--	--	--	--	--	--	--	4,021.30	3,862.70	3,698.70	3,541.15
6/15/2027	--	--	--	--	--	--	--	4,101.70	3,940.10	3,773.80	3,613.75
12/15/2027	--	--	--	--	--	--	--	4,183.75	4,019.10	3,850.40	3,687.85
6/15/2028	--	--	--	--	--	--	--	4,267.45	4,099.70	3,928.55	3,763.45
12/15/2028	--	--	--	--	--	--	--	4,352.80	4,181.90	4,008.30	3,840.60
6/15/2029	--	--	--	--	--	--	--	4,439.85	4,265.75	4,089.65	3,919.30
12/15/2029	--	--	--	--	--	--	--	4,528.65	4,351.30	4,172.70	3,999.65
6/15/2030	--	--	--	--	--	--	--	4,619.20	4,438.55	4,257.40	4,081.65
12/15/2030	--	--	--	--	--	--	--	4,711.60	4,527.50	4,343.80	4,165.35
6/15/2031	--	--	--	--	--	--	--	4,805.80	4,618.30	4,432.00	4,250.75
12/15/2031	--	--	--	--	--	--	--	4,901.95	4,710.90	4,522.00	4,337.85
6/15/2032	--	--	--	--	--	--	--	5,000.00	4,805.35	4,613.75	4,426.80
12/15/2032	--	--	--	--	--	--	--	--	4,901.70	4,707.45	4,517.55
6/15/2033	--	--	--	--	--	--	--	--	5,000.00	4,803.00	4,610.15
12/15/2033	--	--	--	--	--	--	--	--	--	4,900.50	4,704.65
6/15/2034	--	--	--	--	--	--	--	--	--	5,000.00	4,801.10
12/15/2034	--	--	--	--	--	--	--	--	--	--	4,899.55
6/15/2035	--	--	--	--	--	--	--	--	--	--	5,000.00
12/15/2035	--	--	--	--	--	--	--	--	--	--	--
6/15/2036	--	--	--	--	--	--	--	--	--	--	--
12/15/2036	--	--	--	--	--	--	--	--	--	--	--
6/15/2037	--	--	--	--	--	--	--	--	--	--	--
12/15/2037	--	--	--	--	--	--	--	--	--	--	--
6/15/2038	--	--	--	--	--	--	--	--	--	--	--
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6/15/2041	--	--	--	--	--	--	--	--	--	--	--
12/15/2041	--	--	--	--	--	--	--	--	--	--	--
6/15/2042	--	--	--	--	--	--	--	--	--	--	--
12/15/2042	--	--	--	--	--	--	--	--	--	--	--
6/15/2043	--	--	--	--	--	--	--	--	--	--	--
12/15/2043	--	--	--	--	--	--	--	--	--	--	--
6/15/2044	--	--	--	--	--	--	--	--	--	--	--
12/15/2044	--	--	--	--	--	--	--	--	--	--	--
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12/15/2045	--	--	--	--	--	--	--	--	--	--	--
6/15/2046	--	--	--	--	--	--	--	--	--	--	--
12/15/2046	--	--	--	--	--	--	--	--	--	--	--
6/15/2047	--	--	--	--	--	--	--	--	--	--	--
12/15/2047	--	--	--	--	--	--	--	--	--	--	--
6/15/2048	--	--	--	--	--	--	--	--	--	--	--

Accreted Value Table Continued

Date	6/15/2036 4.13%	6/15/2037 4.16%	6/15/2038 4.21%	6/15/2039 4.24%	6/15/2040 4.26%	6/15/2041 4.33%	6/15/2042 4.34%	6/15/2043 4.35%	6/15/2044 4.36%	6/15/2045 4.37%	6/15/2046 4.38%	6/15/2047 4.39%	6/15/2048 4.40%
3/20/2018	$2,372.50	$2,264.65	$2,151.85	$2,051.20	$1,958.35	$1,847.90	$1,766.20	$1,687.80	$1,612.55	$1,540.35	$1,471.10	$1,404.70	$1,341.05
6/15/2018	2,395.50	2,286.75	2,173.10	2,071.60	1,977.95	1,866.65	1,784.20	1,705.05	1,629.05	1,556.15	1,486.25	1,419.20	1,354.90
12/15/2018	2,445.00	2,334.30	2,218.85	2,115.55	2,020.10	1,907.10	1,822.90	1,742.10	1,664.55	1,590.15	1,518.80	1,450.35	1,384.70
6/15/2019	2,495.45	2,382.90	2,265.60	2,160.40	2,063.10	1,948.35	1,862.45	1,780.00	1,700.85	1,624.90	1,552.05	1,482.20	1,415.20
12/15/2019	2,547.00	2,432.45	2,313.25	2,206.20	2,107.05	1,990.55	1,902.90	1,818.70	1,737.95	1,660.40	1,586.05	1,514.70	1,446.30
6/15/2020	2,599.60	2,483.05	2,361.95	2,252.95	2,151.95	2,033.65	1,944.15	1,858.30	1,775.85	1,696.70	1,620.80	1,547.95	1,478.15
12/15/2020	2,653.30	2,534.70	2,411.70	2,300.75	2,197.80	2,077.65	1,986.35	1,898.70	1,814.55	1,733.80	1,656.30	1,581.95	1,510.65
6/15/2021	2,708.10	2,587.40	2,462.45	2,349.50	2,244.60	2,122.65	2,029.45	1,940.00	1,854.10	1,771.65	1,692.55	1,616.65	1,543.90
12/15/2021	2,764.00	2,641.20	2,514.30	2,399.30	2,292.40	2,168.60	2,073.50	1,982.20	1,894.50	1,810.35	1,729.65	1,652.15	1,577.85
6/15/2022	2,821.10	2,696.15	2,567.20	2,450.20	2,341.25	2,215.55	2,118.50	2,025.30	1,935.80	1,849.95	1,767.50	1,688.40	1,612.55
12/15/2022	2,879.35	2,752.25	2,621.25	2,502.15	2,391.10	2,263.55	2,164.50	2,069.35	1,978.00	1,890.35	1,806.20	1,725.50	1,648.05
6/15/2023	2,938.80	2,809.50	2,676.45	2,555.15	2,442.05	2,312.55	2,211.45	2,114.35	2,021.15	1,931.65	1,845.75	1,763.35	1,684.30
12/15/2023	2,999.50	2,867.95	2,732.75	2,609.35	2,494.05	2,362.60	2,259.45	2,160.35	2,065.20	1,973.85	1,886.20	1,802.05	1,721.35
6/15/2024	3,061.40	2,927.60	2,790.30	2,664.65	2,547.20	2,413.75	2,308.45	2,207.35	2,110.25	2,017.00	1,927.50	1,841.60	1,759.20
12/15/2024	3,124.65	2,988.50	2,849.05	2,721.15	2,601.45	2,466.00	2,358.55	2,255.35	2,156.25	2,061.05	1,969.70	1,882.05	1,797.95
6/15/2025	3,189.15	3,050.65	2,909.00	2,778.85	2,656.85	2,519.40	2,409.75	2,304.40	2,203.25	2,106.10	2,012.85	1,923.35	1,837.50
12/15/2025	3,255.00	3,114.10	2,970.25	2,837.75	2,713.45	2,573.95	2,462.05	2,354.50	2,251.25	2,152.10	2,056.95	1,965.55	1,877.90
6/15/2026	3,322.25	3,178.85	3,032.75	2,897.90	2,771.25	2,629.65	2,515.45	2,405.75	2,300.35	2,199.15	2,102.00	2,008.70	1,919.20
12/15/2026	3,390.85	3,245.00	3,096.60	2,959.35	2,830.25	2,686.60	2,570.05	2,458.05	2,350.50	2,247.20	2,148.00	2,052.80	1,961.45
6/15/2027	3,460.85	3,312.50	3,161.80	3,022.10	2,890.55	2,744.75	2,625.80	2,511.50	2,401.75	2,296.30	2,195.05	2,097.85	2,004.60
12/15/2027	3,532.30	3,381.40	3,228.35	3,086.15	2,952.10	2,804.20	2,682.80	2,566.15	2,454.10	2,346.45	2,243.15	2,143.90	2,048.70
6/15/2028	3,605.25	3,451.70	3,296.30	3,151.60	3,015.00	2,864.90	2,741.00	2,621.95	2,507.60	2,397.75	2,292.25	2,191.00	2,093.75
12/15/2028	3,679.70	3,523.50	3,365.70	3,218.40	3,079.20	2,926.95	2,800.50	2,679.00	2,562.25	2,450.15	2,342.45	2,239.05	2,139.85
6/15/2029	3,755.70	3,596.80	3,436.55	3,286.65	3,144.80	2,990.30	2,861.25	2,737.25	2,618.10	2,503.65	2,393.75	2,288.20	2,186.90
12/15/2029	3,833.25	3,671.60	3,508.85	3,356.30	3,211.80	3,055.05	2,923.35	2,796.80	2,675.20	2,558.35	2,446.20	2,338.45	2,235.00
6/15/2030	3,912.40	3,748.00	3,582.75	3,427.45	3,280.20	3,121.20	2,986.80	2,857.65	2,733.50	2,614.30	2,499.75	2,389.80	2,284.20
12/15/2030	3,993.20	3,825.95	3,658.15	3,500.10	3,350.05	3,188.75	3,051.60	2,919.80	2,793.10	2,671.40	2,554.50	2,442.25	2,334.45
6/15/2031	4,075.65	3,905.50	3,735.15	3,574.35	3,421.40	3,257.80	3,117.85	2,983.30	2,854.00	2,729.75	2,610.45	2,495.85	2,385.80
12/15/2031	4,159.85	3,986.75	3,813.80	3,650.10	3,494.30	3,328.35	3,185.50	3,048.15	2,916.20	2,789.40	2,667.60	2,550.65	2,438.30
6/15/2032	4,245.75	4,069.70	3,894.05	3,727.50	3,568.75	3,400.40	3,254.60	3,114.45	2,979.80	2,850.35	2,726.05	2,606.60	2,491.95
12/15/2032	4,333.40	4,154.35	3,976.05	3,806.50	3,644.75	3,474.00	3,325.25	3,182.20	3,044.75	2,912.65	2,785.75	2,663.85	2,546.75
6/15/2033	4,422.90	4,240.75	4,059.75	3,887.20	3,722.40	3,549.20	3,397.40	3,251.40	3,111.10	2,976.30	2,846.75	2,722.30	2,602.80
12/15/2033	4,514.25	4,328.95	4,145.20	3,969.60	3,801.65	3,626.05	3,471.10	3,322.15	3,178.95	3,041.30	2,909.10	2,782.05	2,660.05
6/15/2034	4,607.45	4,419.00	4,232.45	4,053.75	3,882.65	3,704.55	3,546.45	3,394.40	3,248.25	3,107.75	2,972.80	2,843.10	2,718.55
12/15/2034	4,702.60	4,510.90	4,321.55	4,139.70	3,965.35	3,784.75	3,623.40	3,468.25	3,319.05	3,175.70	3,037.90	2,905.55	2,778.40
6/15/2035	4,799.70	4,604.75	4,412.50	4,227.45	4,049.80	3,866.70	3,702.05	3,543.65	3,391.40	3,245.05	3,104.45	2,969.30	2,839.50
12/15/2035	4,898.80	4,700.50	4,505.40	4,317.10	4,136.05	3,950.40	3,782.35	3,620.75	3,465.35	3,315.95	3,172.40	3,034.50	2,902.00
6/15/2036	5,000.00	4,798.30	4,600.25	4,408.60	4,224.15	4,035.95	3,864.45	3,699.50	3,540.90	3,388.45	3,241.90	3,101.10	2,965.80
12/15/2036	--	4,898.10	4,697.05	4,502.10	4,314.15	4,123.35	3,948.30	3,779.95	3,618.10	3,462.45	3,312.90	3,169.15	3,031.05
6/15/2037	--	5,000.00	4,795.95	4,597.55	4,406.05	4,212.60	4,034.00	3,862.15	3,696.95	3,538.10	3,385.45	3,238.70	3,097.75
12/15/2037	--	--	4,896.90	4,695.00	4,499.90	4,303.80	4,121.50	3,946.15	3,777.55	3,615.45	3,459.60	3,309.80	3,165.90
6/15/2038	--	--	5,000.00	4,794.55	4,595.75	4,397.00	4,210.95	4,032.00	3,859.90	3,694.45	3,535.35	3,382.45	3,235.55
12/15/2038	--	--	--	4,896.20	4,693.60	4,492.20	4,302.35	4,119.70	3,944.05	3,775.15	3,612.80	3,456.70	3,306.75
6/15/2039	--	--	--	5,000.00	4,793.60	4,589.45	4,395.70	4,209.30	4,030.05	3,857.65	3,691.90	3,532.60	3,379.50
12/15/2039	--	--	--	--	4,895.70	4,688.80	4,491.10	4,300.85	4,117.90	3,941.95	3,772.75	3,610.15	3,453.85
6/15/2040	--	--	--	--	5,000.00	4,790.30	4,588.55	4,394.40	4,207.65	4,028.05	3,855.35	3,689.35	3,529.80
12/15/2040	--	--	--	--	--	4,894.00	4,688.10	4,490.00	4,299.40	4,116.05	3,939.80	3,770.35	3,607.50
6/15/2041	--	--	--	--	--	5,000.00	4,789.85	4,587.65	4,393.10	4,206.00	4,026.10	3,853.10	3,686.85
12/15/2041	--	--	--	--	--	--	4,893.80	4,687.40	4,488.90	4,297.90	4,114.25	3,937.70	3,767.95
6/15/2042	--	--	--	--	--	--	5,000.00	4,789.35	4,586.75	4,391.80	4,204.35	4,024.10	3,850.85
12/15/2042	--	--	--	--	--	--	--	4,893.55	4,686.75	4,487.80	4,296.45	4,112.45	3,935.55
6/15/2043	--	--	--	--	--	--	--	5,000.00	4,788.90	4,585.85	4,390.55	4,202.70	4,022.15
12/15/2043	--	--	--	--	--	--	--	--	4,893.30	4,686.05	4,486.70	4,294.95	4,110.65
6/15/2044	--	--	--	--	--	--	--	--	5,000.00	4,788.45	4,584.95	4,389.25	4,201.05
12/15/2044	--	--	--	--	--	--	--	--	--	4,893.05	4,685.35	4,485.60	4,293.50
6/15/2045	--	--	--	--	--	--	--	--	--	5,000.00	4,787.95	4,584.05	4,387.95
12/15/2045	--	--	--	--	--	--	--	--	--	--	4,892.80	4,684.65	4,484.50
6/15/2046	--	--	--	--	--	--	--	--	--	--	5,000.00	4,787.50	4,583.15
12/15/2046	--	--	--	--	--	--	--	--	--	--	--	4,892.60	4,684.00
6/15/2047	--	--	--	--	--	--	--	--	--	--	--	5,000.00	4,787.05
12/15/2047	--	--	--	--	--	--	--	--	--	--	--	--	4,892.35
6/15/2048	--	--	--	--	--	--	--	--	--	--	--	--	5,000.00

Current Interest Bonds. The 2018B Bonds will be issued as current interest bonds (the "Current Interest Bonds") in the aggregate principal amounts posted on the inside cover of this Official Statement and will be dated and bear interest from the Date of Delivery. Interest on the Current Interest Bonds is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2018, until the maturity or earlier redemption of the Current Interest Bonds and will be computed on the basis of a 360-day year composed of twelve 30-day months.

Paying Agent and Registration Features

Paying Agent. The principal of and interest on the Bonds will be payable by U.S. Bank National Association (the "Paying Agent" and "Registrar") to The Depository Trust Company ("DTC"), which, in turn, is obligated to remit such principal and interest to its participants ("DTC Participants") for subsequent disbursement to the persons in whose names such Bonds are registered (the "Beneficial Owners") of the Bonds, as further described in Appendix C attached hereto.

Book-Entry System. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for DTC. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only in minimum denominations of $5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. See "Appendix C – Book Entry Only System" for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If the District discontinues maintaining the Bonds in book-entry only form, the District shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in the Bonds, regarding registration, transfer and exchange of Bonds shall apply. Thereafter, the principal of the Bonds will be payable upon due presentment and surrender thereof at the principal office of the Bond Registrar; interest on the Bonds will be mailed to the persons in whose names such Bonds are registered, at the address appearing upon the registration books on the last business day of the month preceding a payment date (the "Record Date"), and the Bonds will be transferable as provided in the Bonds.

Redemption Provisions

Optional Redemption. The 2018A Bonds maturing on June 15, 2032 and on any date thereafter are subject to redemption at the option of the District prior to their stated maturity dates at any time on or after June 15, 2028, as a whole or in part, and if in part, with maturities to be selected by the District at a price of 100 percent of the accreted par value as of the date of redemption.

The 2018B Bonds maturing in years 2027 and 2028 are not subject to optional redemption prior to maturity. The District reserves the right to redeem all or any portion of the 2018B Bonds maturing on or after June 15, 2029 at the option of the District on June 15, 2028 and on any date thereafter in whole or in part, in any order of maturity (with maturities selected by the District), at a price of par, plus accrued interest, if any, to the date of redemption.

For as long as the Bonds are in book-entry only form, if fewer than all of the Bonds of a maturity are called for redemption, the selection of Bonds within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the Bonds are no longer held in book-entry only form, then the Paying Agent would select Bonds for redemption by lot.

Notice of Redemption (Book-Entry). So long as the Bonds are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of an early redemption not less than 20 days and not more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to. Official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Notice of Redemption (No Book-Entry). During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District by mailing a copy of an official redemption notice in a form generally accepted in the municipal markets by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Owners of the Bonds to be redeemed at the address shown on the Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. Official written notice of redemption will be given by the District to the Paying Agent at least five calendar days prior to the date the notice is scheduled to be sent to Owners of the Bonds. The District reserves the right to rescind any redemption notice as allowed in the Resolution.

Conditional Notice. Any notice of optional redemption to the Bond Registrar or to the Owners may state that the optional redemption is conditional upon receipt by the Bond Registrar of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Bond Registrar to affected Owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Defeasance

The District may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of an independent certified public accountant, is sufficient without reinvestment to pay all principal and interest on the defeased Bonds until their maturity date or any earlier redemption date. Bonds which have been defeased pursuant to the Resolution shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under the Resolution except the right to receive payment from such special escrow account.

Default and Remedies

The occurrence of one or more of the following shall constitute an Event of Default under the Resolution and the Bonds:

a. Failure by the District to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption);

b. Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of Bonds, for a period of sixty (60) days after written notice to the District by the Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default so long as corrective action is instituted by the District within the sixty (60) day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph; or,

c. The District is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the payments.

The Owners of fifty-one (51%) percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default as described in (a) above.

Upon the occurrence and continuance of any Event of Default under the Resolution, the Owners of fifty-one percent (51%) or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Resolution or the Bonds or in aid of the exercise of any power granted in the Resolution or in the Bonds or for the enforcement of any other legal or equitable right vested in the Owners of Bonds by the Resolution or the Bonds or by law. However, the Bonds shall not be subject to acceleration.

No remedy in the Resolution conferred upon or reserved to Owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by the Resolution or by law.

Authorization for Issuance

Ballot Measure. Article XI, Section 11 of the Oregon Constitution ("Article XI, Section 11"), requires majority voter approval for new or additional *ad valorem* property taxes for all May and November elections. The ballot measure for the Bonds was approved by a majority of the District's voters at the November 7, 2017 election. Final election results were as follows:

Official Voter Tally

	Number of Votes	Percentage of Total Votes
Yes	3,072	54.28%
No	2,588	45.72%

Source: Jackson County Elections Division, November 22, 2017.

The ballot measure authorized the issuance of $68 million aggregate principal amount of general obligation bonds in more than one series and with each series to mature over a period not to exceed 31 years.

Under and in accordance with State laws and provisions, specifically Oregon Revised Statutes ("ORS") Chapter 287A, the Bonds are being issued pursuant to Resolution No. 17-9 (the "Resolution") adopted by the District's Board of Education (the "Board") on December 7, 2017.

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the Bonds will be used to finance capital costs (the "Project") and to pay the costs of issuance of the Bonds.

Specifics on the Project include:

- Improve safety, security, and learning environments at all schools;
- Increase accessibility for people with disabilities at all schools;
- Construction of new classrooms and educational facilities and major renovations to Career Technical Education buildings, academic buildings and athletic facilities at Phoenix High School;
- Seismic upgrades at all schools;
- Address future growth; and
- Modernize all schools, including improvements to heating, ventilation, energy efficiency, and lighting.

OSCIM Grant. The District has qualified to receive a grant of $4,000,000 from the Oregon School Capital Improvement Matching (the "OSCIM") Program. The grant, along with Bond proceeds, is expected to finance the items detailed above. Receipt of the grant is contingent upon the State issuing bonds to fund the grant and the District entering into a grant agreement with the State. The current form of grant agreement includes covenants, warranties and representations to be given by the District to the State. The grant agreement also stipulates events of default under the agreement and remedies of the State in case of a default by the District. The events of default include any false or misleading representations by the District to the State or failure to perform any covenant after notice from the State and a cure period. The remedies include requiring the District to repay grant funds that have been disbursed (including any costs of defeasing the portion of the State's bonds, allocable costs of issuance and legal fees) and allowing the State to intercept State school fund disbursements due to the District to make these payments. If the grant was not received, was terminated, or was required to be repaid, the District does not expect it would have a material impact on the District's ability to repay the Bonds or to operate the District.

Sources and Uses of Funds

The proceeds of the Bonds are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds	2018A Bonds	2018B Bonds	The Bonds
Par Amount of Bonds	$ 48,101,046.05	$ 19,895,000.00	$ 67,996,046.05
Original Issue Premium	-	3,276,768.10	3,276,768.10
Total Sources of Funds	$ 48,101,046.05	$ 23,171,768.10	$ 71,272,814.15
Uses of Funds			
Available for Project	$ 47,773,371.15	$ 23,045,151.84	$ 70,818,522.99
Underwriting and Costs of Issuance	327,674.90	126,616.26	454,291.16
Total Uses of Funds	$ 48,101,046.05	$ 23,171,768.10	$ 71,272,814.15

Security for the Bonds

General

The Bonds are general obligations of the District. Pursuant to ORS 287A.315 the District has pledged its full faith and credit and taxing power to pay the Bonds. The District covenants for the benefit of the owners of the Bonds that the District shall levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient after discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise by Sections 11 or 11b of Article XI of the Oregon Constitution. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds and for no other purpose until the Bonds have been fully paid, satisfied and discharged.

The District may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds and thereby reduce the amount of future tax levies for such purpose.

The Bonds do not constitute a debt or indebtedness of Jackson County (the "County"), the State, or any political subdivision thereof other than the District.

Oregon School Bond Guaranty

Guaranty Provisions. Article XI-K of the Constitution of the State of Oregon (the "State") allows the State to guarantee the general obligation bonded indebtedness of school districts, education service districts, and community college districts (generally "school district" or "school districts") in order to secure lower interest costs on general obligation bonds of such districts. Payment of the principal of and interest on the Bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356 (the "Act"). As provided in ORS 328.326(1)(a):

> The State Treasurer may, by issuing a certificate of qualification to a school district, pledge the full faith and credit and taxing power of the state to guarantee full and timely payment of the principal of, either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment, and interest on school bonds as such payments shall become due, except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration.

The Act further provides that (i) the guaranty of the State does not extend to the payment of any redemption premium due on any bonds guaranteed under the Guaranty Act and (ii) any bond guaranteed by the State under the Act that is refunded no longer has the benefit of the guaranty from and after the date on which that bond is considered to be paid.

Regularly Scheduled Debt Service Payments. Each school district with outstanding, unpaid bonds guaranteed under the Act, shall transfer moneys sufficient for the scheduled debt service payment to its paying agent at least 15 days before any principal or interest payment date for the bonds. The paying agent may invest the moneys for the benefit of the school district until the payment date. A school district that is unable to transfer the scheduled debt service payment to the paying agent 15 days before the payment date shall immediately notify the paying agent and the State Treasurer. Such notification shall be made to the Office of the State Treasurer as prescribed in the Act. The Act further provides that if sufficient funds are not transferred to the paying agent as required above, the paying agent shall notify the State Treasurer of that failure at least 10 days before the scheduled debt service payment in the manner prescribed in the Act.

Monitoring. Beginning with bonds issued with the guaranty of the State on and after October 30, 2009, a school district with outstanding, unpaid bonds which are guaranteed under the Act, must enter into an agreement with a paying agent under which the paying agent provides the district with notice by January 15 of each year of any required debt service amounts (including any scheduled deposits to a sinking fund for the bonds) due during the following fiscal year. The paying agent must also notify the district of any debt service amounts (including any scheduled deposits to a sinking fund) that must be paid or deposited over the next two fiscal years. In addition, for bonds originally issued as tax credit bonds under the Internal Revenue Code and any bonds resulting from conversion of such bonds ("Qualified Bonds"), the district must provide written verification by May 1 of each year to its paying agent that it has made any required sinking fund deposits. The paying agent must notify the State Treasurer if it does not receive such verification. Further, the district must report to the State Treasurer, at least annually, the amount of moneys paid into its debt service fund to pay the Qualified Bonds and a calculation demonstrating that such deposits are projected to be sufficient to repay the Qualified Bonds in full when payment is due. If annual payments are not made to the debt service fund, the district must demonstrate that the current balance in the fund, plus any scheduled future deposits, will be sufficient to repay the Qualified Bonds when due.

Payment under the Guarantee. If sufficient moneys to pay a scheduled debt service payment have not been transferred to the paying agent, the State Treasurer shall, on or before the scheduled payment date, transfer sufficient moneys to the paying agent to make the scheduled debt service payment. If sufficient moneys of the State are not on hand and available at the time the State is required to make a debt service payment under its guaranty on behalf of the school district, the State Treasurer may singly or in combination:

- Obtain from the Common School Fund or from any other State funds that qualify to make a loan under ORS 293.205 to 293.225, a loan sufficient to make the required payment;
- Borrow money, if economical and convenient, as authorized by ORS 286A.045;
- Issue State general obligation bonds as provided for in Article XI-K of the Constitution and the Act; and,
- With the approval of the Legislative Assembly, or the Emergency Board if emergency funds are lawfully available for making the required payment in the interim between sessions of the Legislative Assembly, pay moneys from the General Fund or any other funds lawfully available for the purpose or from emergency funds amounts sufficient to make the required payment.

Any payment of scheduled debt service payments by the State Treasurer on behalf of a school district (i) discharges the obligation of the issuing school district to its bondholders for the payment, and (ii) transfers the rights represented by the general obligation of the school district from the bondholders to the State.

State Repayment. If one or more payments are made by the State Treasurer as provided for in the Act, the State Treasurer shall pursue recovery from the school district of all moneys necessary to reimburse the State. In seeking recovery, the State Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund and any other source of operating moneys provided by or through the State to the school district that issued the bonds that would otherwise be paid to the school district by the State, and (ii) exercise the rights of a secured creditor in any money or assets pledged by the school district to secure its reimbursement obligation to the State. The Treasurer may apply any intercepted payments or secured assets to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the school district to the State arising from those payments, including any interest and penalties, are paid in full. The State has no obligation to the school district or to any person or entity to replace any moneys intercepted under the Act. The authority of the Treasurer to intercept payments under the Act has priority over all claims against money provided by the State to a school district, including a claim based on a funds diversion agreement under ORS 238.698.

Additionally, in accordance with the Act, if the State Treasurer determines that it is necessary the State Treasurer shall pursue any legal action, including but not limited to mandamus or foreclosure of a security interest, against the school district or school district board and may compel the school district to (i) levy and provide property tax or other revenues to pay debt service on its bonds and other obligations when due, and (ii) meet its repayment obligations to the State. The Attorney General shall assist the State Treasurer in pursuing such rights of recovery under the Act.

At all times, the school district shall continue to be responsible for the payment of all debt service payments on its bonds. A school district that issued bonds for which the State makes all or part of a debt service payment shall be responsible for reimbursing all moneys drawn or paid by the State Treasurer on its behalf. In addition the school district shall pay interest to the State on all moneys paid by the State from the date the moneys were drawn to the date they are repaid at a rate to be determined by the State Treasurer, in the State Treasurer's discretion, to be sufficient to cover the costs of funds to the State plus the costs of administration of the guaranty obligation and of collection of reimbursement.

Guaranty Limit. Under Article XI-K of the State Constitution, the amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of one percent of the real market value (RMV) of all taxable property in the State. The State of Oregon has not issued bonds to provide money to satisfy its guaranty of school bonds participating in the program and does not anticipate the need to issue bonds for this purpose in the future.

As of February 27, 2018 the State had guaranteed the following (not including this bond issue or those issues guaranteed between the date identified above and the date of this issue) under the Guaranty Act:

Number of bond issues guaranteed under the Guaranty Program:	457
Aggregate principal amount outstanding of bonds guaranteed at:	$ 7,124,878,506
Aggregate debt service amount outstanding of bonds guaranteed at:	$ 10,846,773,897

Guaranty Contact Person. As of the date of this Official Statement, requests for information regarding the Guaranty Program may be directed to:

Tobias Read, Oregon State Treasurer
Oregon School Bond Guaranty Program
Office of the State Treasurer
Debt Management Division
350 Winter Street NE, Suite 100
Salem, OR 97301-3896
Phone (503) 378-4930 – Fax (503) 378-2870

State of Oregon – Financial and Operating Information. The most recent Comprehensive Annual Financial Report (the "CAFR") of the State, and its most recent Official Statement for its general obligation debt, are currently on file with the Electronic Municipal Market Access ("EMMA") system, operated by the Municipal Securities Rulemaking Board ("MSRB"). The financial and operating information with respect to the State contained in the CAFR, and such Official Statement, are hereby included by reference in this Official Statement. Additionally, the CAFR and the most recent Official Statement for its general obligation debt are available upon request from the State's contact person as indicated under Guaranty Contact Person above.

As of the date of this Official Statement, the outstanding general obligation bonds of the State are rated "AA+" by Fitch, "Aa1" by Moody's Investors Service, and "AA+" by S&P Global Ratings.

State of Oregon – Continuing Disclosure. The State has executed a Master Disclosure Certificate (the "Certificate") for the benefit of registered and beneficial holders of bonds guaranteed under the Guaranty Program and to assist Underwriters of such bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Certificate can be found in Appendix E. The State, in accordance with the Certificate, provides annually copies of its most recent CAFR of the State to the MSRB through depositing such information with EMMA. In addition, the State will provide the MSRB, through EMMA, event notices as described in the Certificate pertaining to the State of Oregon's guaranty of the bonds. These filings may be accessed on EMMA-MSRB, search Issuers for State of Oregon.

State Intercepts

Pursuant to ORS 328.346(1)(c), the authority of the State Treasurer to intercept payments and the lien in any pledged moneys under the Oregon School Bond Guaranty ("OSBG") program, have priority over all claims against money provided by the state to a school district, including a claim that is based on a funds diversion agreement under ORS 238.698. Such funds diversion agreements include intercept agreements for pension bonds, qualified school construction and qualified zone academy bonds. The same statute provides that such funds diversion agreements have priority over all other claims against money provided by the state to a school district other than claims under the OSBG. The District's General Obligation Refunding Bonds, Series 2011; and General Obligation Refunding Bonds, Series 2015 are secured by the OSBG. The District's Limited Tax Pension Obligations, Series 2004 have an intercept agreement.

Funds and Accounts

The following funds and accounts shall be created into which the proceeds of the Bonds shall be deposited, which funds and accounts shall be continually maintained, except as otherwise provided, so long as the Bonds remain unpaid.

a. Debt Service Account. The District shall maintain the debt service account in the District's debt service fund for the payment of principal, premium, if any, and interest on the Bonds as they become due. All accrued interest, if any, and all taxes levied and other moneys available for the payment of the Bonds shall be deposited to the debt service account.

b. Project Fund. The District shall maintain the project fund for the purpose of accounting for and paying all costs of the projects and the costs related to the preparation, authorization, issuance, and sale of the Bonds. Any interest earnings on moneys invested from the project fund shall be retained in the project fund. The District's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into the project fund to assure the completion of the projects.

Upon completion of the projects and upon payment in full of all costs related thereto, any balance remaining in the project fund shall be deposited to the Debt Service Account for payment of debt service.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95 percent of the Real Market Value of all taxable properties within the district if the District's voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Bonds are general obligation bonds and are subject to this debt limitation, as shown below:**

Phoenix-Talent School District No. 4
General Obligation Debt Capacity

Measure 5 Real Market Value (Fiscal Year 2018)(1)	$	2,918,283,249
Debt Capacity		
General Obligation Debt Capacity (7.95% of Real Market Value)	$	232,003,518
Less: Outstanding Debt Subject to Limit		(72,356,046) (2)
Remaining General Obligation Debt Capacity	$	159,647,472
Percent of Capacity Issued		31.19%

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors. The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). *Source: Jackson County Department of Assessment and Taxation.*
(2) Represents voter-approved, unlimited-tax general obligation bonds of the District, including the Bonds.
Source: Phoenix-Talent School District No. 4 Audited Financial Reports for the Fiscal Year Ended June 30, 2017, and this issue.

Full Faith and Credit Obligations/Limited Tax Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations" in addition to pledging the full faith and credit for voter approved general obligation bonds. The Oregon Constitution and statutes do not limit the amount of limited tax bonded indebtedness that a school district may issue. Full faith and credit obligations can take the form of certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The full faith and credit of the District is pledged to pay the Bonds in addition to the unlimited property tax authorized by voters. The Bonds are not limited tax obligations.**

Pension Bonds. ORS 238.694 authorizes school districts to issue full faith and credit obligations to pay pension liabilities without limitation as to principal amount. Pension bonds are not general obligations as defined under State law and the District is not authorized to levy additional taxes to make pension bond payments. **The Bonds are not pension bonds.**

Revenue Bonds. The District may issue revenue bonds for any public purpose, which are secured by revenues pursuant to ORS 287A.150. **The Bonds are not revenue bonds.**

Notes. Subject to any applicable limitations imposed by the Oregon Constitution or laws of the State or the resolution of an individual school district, ORS 287A.180 provides that the District may borrow money in anticipation of tax revenues or other monies and to provide interim financing ("notes"). **The Bonds are not notes.**

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding[1]
General Obligation Bonds:				
Series 2011	07/12/11	06/15/20	$ 2,490,000	$ 2,450,000
Series 2015	05/26/15	06/15/19	5,237,000	1,910,000
Series 2018A Bonds[2]	03/20/18	06/15/48	48,101,046	48,101,046
Series 2018B Bonds[2]	03/20/18	06/15/32	19,895,000	19,895,000
Total General Obligation Bonds				72,356,046
Full Faith and Credit Obligations:				
Series 2012C (OSBA FlexFund Program)	10/30/12	06/01/22	602,000	310,000
Pension Obligations [3] :				
Series 2004	02/06/04	06/30/28	14,895,000	12,665,000
Total Governmental Activities Debt				$ 85,331,046

(1) As of Date of Delivery.
(2) This issue.
(3) Also secured by the full faith and credit of the District.

Source: Phoenix-Talent School District No. 4 Audited Financial Reports for the Fiscal Year Ended June 30, 2017.

General Obligation Bonds
Projected Debt Service Requirements

Fiscal	Outstanding Bonds		The 2018A Bonds		The 2018B Bonds		Total
Year	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2018	$ 1,730,000	$ 97,515	$ 0	$ 0	$ 0	$ 0	$ 1,827,515
2019	1,825,000	74,683	0	0	0	1,151,376	3,051,059
2020	805,000	23,144	1,374,745	55,255	0	931,450	3,189,594
2021	0	0	2,247,779	147,221	0	931,450	3,326,450
2022	0	0	2,276,039	218,961	0	931,450	3,426,450
2023	0	0	2,293,798	301,202	0	931,450	3,526,450
2024	0	0	2,306,770	398,230	0	931,450	3,636,450
2025	0	0	2,301,137	508,863	0	931,450	3,741,450
2026	0	0	2,281,017	633,983	0	931,450	3,846,450
2027	0	0	0	0	3,050,000	931,450	3,981,450
2028	0	0	0	0	3,280,000	809,450	4,089,450
2029	0	0	0	0	3,535,000	678,250	4,213,250
2030	0	0	0	0	3,840,000	501,500	4,341,500
2031	0	0	0	0	4,160,000	309,500	4,469,500
2032	0	0	1,092,518	827,482	2,030,000	101,500	4,051,500
2033	0	0	2,280,009	1,894,991	0	0	4,175,000
2034	0	0	2,238,967	2,061,033	0	0	4,300,000
2035	0	0	2,198,384	2,226,616	0	0	4,425,000
2036	0	0	2,163,720	2,396,280	0	0	4,560,000
2037	0	0	2,126,506	2,568,494	0	0	4,695,000
2038	0	0	2,082,991	2,757,009	0	0	4,840,000
2039	0	0	2,045,046	2,939,954	0	0	4,985,000
2040	0	0	2,009,267	3,120,733	0	0	5,130,000
2041	0	0	1,953,230	3,331,770	0	0	5,285,000
2042	0	0	1,923,392	3,521,608	0	0	5,445,000
2043	0	0	1,892,024	3,712,976	0	0	5,605,000
2044	0	0	1,862,495	3,912,505	0	0	5,775,000
2045	0	0	1,833,017	4,116,984	0	0	5,950,000
2046	0	0	1,802,098	4,322,903	0	0	6,125,000
2047	0	0	1,772,731	4,537,269	0	0	6,310,000
2048	0	0	1,743,365	4,756,635	0	0	6,500,000
	$ 4,360,000	$ 195,342	$ 48,101,046	$ 55,268,954	$ 19,895,000	$ 11,003,176	$ 138,823,518

Summary of Overlapping Debt
(As of January 18, 2018)

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt(1)	Net Direct Debt(2)
City of Phoenix	100.00%	$ 6,200,000	$ 1,560,000
City of Talent	100.00%	5,632,016	2,577,016
Jackson County RFPD 5	64.28%	838,794	838,794
Rogue Valley Transit District	13.46%	33,319	33,319
Jackson County	10.50%	1,052,814	1,052,814
Jackson County Housing Authority	10.50%	480,160	35,753
Rougue Community College (Jackson Cty Bond)	10.50%	1,536,851	1,536,851
City of Medford	9.95%	8,857,914	4,863,338
Rougue Community College	7.58%	2,703,251	1,469,850
		$ 27,335,119	$ 13,967,735

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.
(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the District's direct debt, including the Bonds, and the estimated portion of the debt of overlapping taxing districts allocated to the District's property owners.

Debt Ratios

Total Real Market Value [1] (Fiscal Year 2018)	$	3,127,780,957		
Estimated Population		25,631		
Per Capita Real Market Value	$	122,031		
Debt Information		**Gross Direct Debt[2]**		**Net Direct Debt[3]**
District Direct Debt[4]	$	85,331,046	$	85,331,046
Overlapping Direct Debt		27,335,119		13,967,735
Total Direct Debt[4]	$	112,666,165	$	99,298,781
Bonded Debt Ratios[4]				
District Direct Debt to Real Market Value		2.73%		2.73%
Total Direct Debt to Real Market Value		3.60%		3.17%
Per Capita District Direct Debt	$	3,329	$	3,329
Per Capita Total Direct Debt	$	4,396	$	3,874

(1) Value represents the total Real Market Value of taxable properties, not including the reduction in Real Market Value of specially assessed properties such as farm and forestland.
(2) Gross Direct Debt includes all debt with an unlimited (general obligation bonds) and limited (full faith and credit obligations) tax pledge. Limited tax pension obligations are included.
(3) Net Debt is Gross Direct Debt less any self-supporting obligations which are paid from other revenues sources.
(4) Includes the Bonds.

Sources: U.S. Census Bureau, Small Area Income and Poverty Program; Debt Management Division, The Office of the State Treasurer as of January 18, 2018 and Phoenix-Talent School District No. 4 Audited Financial Reports for the Fiscal Year Ended June 30, 2017.

Debt Payment Record

The District has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due.

Future Financings

Capital Projects. Other than the bonds authorized at the November 2017 election, the District has no unused borrowing authority, nor does it anticipate issuing additional long-term debt within the next twelve months.

Short-term Notes. The District does not anticipate issuing short-term debt within the next twelve months.

The District

Public School Districts

Under Oregon law (ORS Chapter 332), the District is responsible for educating children residing within the boundaries of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and federal programs.

Under Oregon law, local school districts are subject to supervision by the State. The State Board of Education, a group of seven persons appointed by the Governor, establishes standards for educational programs and facilities, adopts rules of general governance, and prescribes courses of study. The administrative functions of the State Board of Education are handled through the Department of Education, whose executive head is the Deputy Superintendent of Public Instruction. The Deputy Superintendent is appointed by the Governor, who serves as the Superintendent of Public Instruction.

General Description

The District is located in Jackson County and includes portions of the City of Medford, the City of Phoenix, the City of Talent, and unincorporated areas of Jackson County within its boundaries. Phoenix High School opened in 1909, and the school became an accredited four-year high school in 1915. A new school was built in 1948 on the site where Phoenix High School now stands. In 1960, the Phoenix and Talent School Districts merged into a single district, with all 9th through 12th graders attending Phoenix High School. The District has an estimated population of 25,631.

The District operates one high school, one middle school, and three elementary schools. Historical and projected enrollments are shown in the following table:

Historical and Projected Enrollment

Fiscal Year	Average Daily Membership(w) (1)	Enrollment (2)	Teaching Staff (3)	Student to Teacher Ratio
2019(4)	3,199.6	2,575	121	21.3
2018(5)	3,207.6	2,579	121	21.3
2017	3,268.9	2,619	130	20.1
2016(6)	3,297.2	2,650	132	20.1
2015	3,238.0	2,603	131	19.9
2014	3,137.9	2,530	130	19.5
2013	3,219.5	2,563	131	19.6

(1) Weighted Average Daily Membership is the enrollment figure, adjusted for part-time students and students with special needs, that is used to allocate revenues appropriated by the State to school districts.
(2) Enrollment is the number of students attending classes.
(3) Full-time equivalent licensed employees. Includes classroom, music, physical education, special education teachers, librarians and counselors.
(4) Projected.
(5) Preliminary, subject to change.
(6) Full-day kindergarten was implemented.

Source: Oregon Department of Education and Phoenix-Talent School District No. 4.

As of July 1, 2015, school districts may choose to offer free full-day kindergarten and receive a full 1.0 ADMw for kindergarten students for purposes of the State School Fund ("SSF") formula. Funds for this program are a part of the total amount appropriated by the Legislature for the SSF. See "Revenue Sources – State School Funding – State School Fund Appropriations" herein.

Oregon law creates an open enrollment process which allows students to attend a school district in which they do not reside without the consent of their home school district. A district's school board can decide how many, if any, non-resident students will be allowed to enroll for the school year. The open enrollment process sunsets on July 1, 2022. In Fiscal Year 2018 the District's Board voted to accept applications from out-of-district students and received 60 applicants, of which 53 ultimately enrolled.

Staff

As of December 1, 2017, the District had 178 full-time employees and 88 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Oregon School Employees Association	101 (classified)	June 30, 2019
Oregon Education Association	121 (licensed)	June 30, 2019

Source: Phoenix-Talent School District No. 4.

The Board of Education

The policies of the District are established by an elected seven-member Board. The current members of the Board are:

Board of Education

Name	Position	Occupation	Service Began	Term Expires
Sara Crawford	Director	Accounting Assistant	2016	June 30, 2021
Richard A. Nagel	Director	Retired CPA	1999	June 30, 2019
Craig Prewitt	Chair	Orthopedic Implants Sales	1992	June 30, 2021
Nate Shinn	Vice-Chair	Pastor	1999	June 30, 2019
Shana Vos	Director	Registered Nurse, La Clinica	2016	June 30, 2021
Dawn Watson	Director	Business Owner	2013	June 30, 2019
Lori Ghavam	Director	Dental Office Assistant	2017	June 30, 2021

Source: Phoenix-Talent School District No. 4.

Key Administrative Officials

The day-to-day affairs of the District are managed by a professional administrative staff which includes the following principal officials:

Brent Barry, Superintendent. Brent Barry has been working for the District for the past 14 years. He graduated from Linfield College with a B.S. in Health Education and received a M.S. in Education from Southern Oregon University. Before his current position as Superintendent, he served the District as an Assistant Superintendent of Academics and Student Services, Principal at Orchard Hill Elementary School, and an Assistant Principal/Athletic Director at Phoenix High School. Before joining the District, he served as a teacher in Medford, Oregon City, and Crook County School Districts.

Cally McKenzie, Assistant Superintendent. Cally McKenzie has been working for the District for the past 30 years. She graduated with Magna Cum Laude honors from Southern Oregon University, with a B.S. in Business Administration – Accounting, and received a M.S. in Education from Portland State University. The majority of her professional career has been with the District and has included a variety of roles at the District, including Fiscal Officer, Director of Human Resources and Finance, and is currently Assistant Superintendent, Human Resources and Business. Past employment experience include positions as a licensed tax consultant, bookkeeper and assistant accountant.

Yazmin Ortiz Karabinas, Director of Accounting. Yazmin Ortiz Karabinas has been working for the District for the past 6 years. She graduated with honors from the Universidad Autónoma de Baja California, Mexico, with a B.S. in Accounting, and C.P.A. achieving the highest GPA in the state for her major. She is currently the Director of Accounting. Her past employment includes: Price Waterhouse, Mexico – Senior Auditor; Whalen Furniture Manufacturing, Inc., San Diego, CA – Assistant Controller; and El Centro Regional Medical Center, El Centro, CA – Accounting Manager.

Revenue Sources

The following section summarizes certain of the major revenue sources of the District.

Oregon School District Funding

Oregon school districts receive revenue from two primary sources: State aid and *ad valorem* property taxes. The following section summarizes these primary revenue sources of the District.

Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. Local Option Levies for school districts are limited to the lesser of (i) $1,000 per student, or (ii) 20 percent of a district's total state resources.

ORS 327.333 through 327.339 provides local option equalization grants to school districts with Local Option Levies that have a total assessed property value per student less than the total assessed property value per student of a designated target district. For the biennium commencing July 1, 2017, $3,860,367 was transferred from the State School Fund for the Local Option Equalization Grants Account. If the amount of money available is insufficient to make grant payments, the grant payments are to be proportionally reduced.

The District does not currently have a Local Option Levy and has no plans at this time to seek voter approval of a Local Option Levy.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property an assessed value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to $5 per $1,000 and General Government taxes are limited to $10 per $1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2018, there was $17,914.67 of compression of the District's Permanent Rate due to the tax rate limitation. This compression is taken into account in the State School Fund Distribution Formula described herein (see "State of Oregon Public School Funding – State School Fund").

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Bonds are NOT subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the $5 per $1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer's account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the District.

Taxable Property Values

Fiscal Year	Total Real Market Value	M5 Real Market Value[(1)]	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates[(2)]
2018	$ 3,127,780,957	$ 2,918,283,249	$ 2,129,131,077	$ 91,937,794	$ 2,037,193,283
2017	2,869,775,263	2,681,867,655	2,042,275,775	87,150,288	1,955,125,487
2016	2,667,965,010	2,501,963,395	1,969,889,508	82,011,005	1,887,878,503
2015	2,559,143,180	2,390,377,969	1,899,662,903	75,526,085	1,824,136,818
2014	2,332,577,720	2,179,100,050	1,825,695,956	71,159,954	1,754,536,002
2013	2,308,923,151	2,156,997,122	1,766,861,714	65,882,681	1,700,979,033

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
(2) Assessed value of property in the District on which the Permanent Rate is applied to derive *ad valorem* property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

Source: Jackson County Department of Assessment and Taxation.

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor.

The Strategic Investments Program ("SIP") was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital investments by "traded-sector" businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over $25 million outside of urban areas, and over $100 million in urban areas. The exemption value ($25 million or $100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. There are no SIP Agreements within the District's boundaries.

GASB 77. Beginning with the Fiscal Year 2017 financial statements, GASB Statement No. 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax revenues. The District does not administer any tax abatement programs, however, overlapping jurisdictions (cities, the County) offer tax abatement programs which impact the District's assessed value and property tax collections. In Fiscal Year 2017, the District reported a loss of $0 in tax revenues due to tax abatement programs.

Natural and Economic Forces. Natural and economic forces can affect the assessed value of taxable property in the District and the District's collection of revenues. The District is located in the Pacific Northwest, a region subject to periodic significant earthquakes. Such an earthquake and/or tsunami could cause extensive damage to structures and infrastructure along the Pacific coast and could disrupt transportation, communications, water and sewer systems, power and gas delivery and fuel supplies along the Pacific coast and within the District. The District cannot predict how such seismic activity could impact its revenue sources, including property taxes. Other natural or man-made disasters, such as flood, fire, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the District or adversely affect the District's revenues. Economic and market forces, such as a downturn in the economy generally, can also affect assessed values. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). The Bonds are unlimited tax general obligation bonds (see "Security" and "Property Taxes" herein). Further the Bonds are secured by the Oregon School Bond Guaranty (see "Oregon School Bond Guaranty" herein).

Tax Rates and Collections. The following table presents the Fiscal Year 2018 tax rates for the District and other taxing jurisdictions within Jackson County that overlap the District. The District's Operating Tax Rate Limit is $4.2422 per $1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

Fiscal Year 2018 Representative Levy Rate
(Rates per $1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate(1)	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate(2)
Jackson County	$ 2.0099	$ 0.1484	$ 0.0000	$ 2.1583	$ 0.0211
4-H Extension Service District	0.0410	0.0000	0.0000	0.0410	0.0004
Vector Control	0.0429	0.0000	0.0000	0.0429	0.0004
Rouge Valley Transit District	0.1772	0.0000	0.1300	0.3072	0.0017
Jackson Soil & Water Conservation	0.0500	0.0000	0.0000	0.0500	0.0004
Jackson County Library District	0.5200	0.0000	0.0000	0.5200	0.0051
City of Medford	5.2953	0.0613	0.0000	5.3566	0.0519
Total General Government	8.1363	0.2097	0.1300	8.4760	0.0810
Education					
Southern Oregon ESD	0.3524	0.0000	0.0000	0.3524	0.0034
Rogue Community College	0.5128	0.1524	0.0000	0.6652	0.0050
Phoenix-Talent School District No. 4	4.2422	0.9400	0.0000	5.1822	0.0000
Total Education	5.1074	1.0924	0.0000	6.1998	0.0084
Total Tax Rate	$ 13.2437	$ 1.3021	$ 0.1300	$ 14.6758	$ 0.0894

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

(1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions' Permanent Rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).
(2) A portion of a taxing district's consolidated rate is contributed to the Medford Urban Renewal Agency through tax increment financing.

Source: Jackson County Department of Assessment and Taxation. Note that there are 15 tax codes in the County that overlap the District and Tax Code 407 has the highest property value of these tax codes. Total tax levies in the District range from $9.0120 to $17.3778 per $1,000 of assessed property value.

Jackson County
Tax Collection Record(1)

Fiscal Year	Percent Collected as of Levy Year(2)	6/30/2017(3)
2017	97.46%	97.46%
2016	97.35	98.49
2015	97.06	98.97
2014	96.73	99.37
2013	96.29	99.60
2012	96.11	99.66

(1) Percentage of total tax levy collection in Jackson County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
(2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
(3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2017.

Source: Jackson County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2018)
Phoenix-Talent School District No. 4

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
Rogue Valley Manor(3)	Retirement Center	$ 1,538,063	$ 108,534,453	5.10%
Harry & David Operations(4)	Marketing, E-commerce	732,462	61,840,178	2.90
Charles Point 2015 LLC	Apartments	401,101	27,330,779	1.28
KOGAP Enterprises Inc.	Construction	228,896	15,744,013	0.74
Bender Development Limited Partnership	Apartments	220,836	12,775,381	0.60
PacifiCorp (Pacific Power)	Electrical Utility	216,643	17,547,000	0.82
Talent Parkside Apartment LLC	Apartments	164,827	9,715,657	0.46
Home Depot USA Inc.	Retail	156,931	9,709,200	0.46
Coarsegold Village Limited	Apartments	155,086	10,568,510	0.50
MHGI LLC	Hotel/Lodging	152,611	10,398,790	0.49
Subtotal - ten of District's largest taxpayers			284,163,961	13.35%
All other District's taxpayers			1,844,967,116	86.65%
Total District			$ 2,129,131,077	100.00%

Jackson County

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
PacifiCorp (Pacific Power)	Electrical Utility	$ 3,152,075	$ 269,593,000	1.34%
Avista Crop DBA Avista Utilities	Electrical Utility	1,983,823	138,752,900	0.69
Rogue Valley Manor(3)	Retirement Center	1,538,063	108,534,453	0.54
Charter Communications	Telecommunications	1,601,120	104,531,900	0.52
Boise Cascade Wood Products	Manufacturing	913,285	65,094,939	0.32
CenturyLink	Telecommunications	864,170	61,965,600	0.31
Brixton Rogue LLC	Clothing	784,954	51,318,500	0.26
Carestream Health Inc.	Medical and Dental Imaging	764,294	51,367,370	0.26
Harry & David Operations(4)	Marketing, E-commerce	732,462	61,840,178	0.31
Amy's Kitchen	Organic Food Processor	707,026	48,523,170	0.24
Subtotal - ten of County's largest taxpayers			961,522,010	4.80%
All other County's taxpayers			19,089,077,451	95.20%
Total County			$ 20,050,599,461	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.
(3) Rogue Valley Manor is a Continuing Care Retirement Community, which sits on 668-acres in Medford. They offer the following levels of care: independent living, assisted living, skilled nursing care, and memory care. Rogue Valley Manor was opened in November 1961. *Source: www.retirement.org/rvm/about-us.*
(4) Harry & David Operations was established in 1934. They provide gourmet gift baskets and specialize in fresh fruit, pears, and nuts. *Source: www.harryanddavid.com/h/view/about01.*

Source: Jackson County Department of Assessment and Taxation.

State School Funding

One of the largest sources of revenue for school districts and education service districts is State aid appropriated through the Oregon Department of Education ("ODE"). ODE funding supports pre-kindergarten through 12th grade education including funding for operation for the State's 197 school districts and 19 education service districts through the State School Fund ("SSF"). The SSF consists primarily of State General Fund and Lottery Fund revenues.

State School Fund Formula. State aid is provided to school districts pursuant to a formula set by the Legislative Assembly. The objective of the formula is to provide equitable funding for all school districts. Available State and local resources determine the actual amount of the allocation. Under the current formula, each student is given a factor as an enrolled student that is then adjusted to include additional factors such as English as a Second Language, Handicapped with an Individualized Education Plan, attending a remote small school, and Impoverished (the "ADMw"). The formula allocates revenues to districts based on the ADMw for each district. Each district's share of the formula comprises a general purpose grant, transportation grant, small school district supplement and a high cost disability grant.

The SSF grant (the "SSF Grant") to each school district is the district's share of the formula minus local revenues. Local revenues include tax offsets, local property taxes for school operations (specifically excluding taxes for voter approved general obligation bonds and, subject to certain limitations, amounts raised from Local Option Levies), Common School Fund, county school fund and State timber revenues, and money received in lieu of property taxes.

Under the SSF distribution formula for the general purpose grant, the total ADMw is multiplied by a statewide target grant (currently $4,500). A factor of $25 per year per student that a district's average teachers' experience exceeds the State average is added to (or subtracted from if below the State average) this calculation. The result is multiplied by a funding ratio to arrive at the State's general purpose grant.

In 2013, the Legislature approved a change in the way the additional weighting for poverty was calculated. Previously, the SSF distribution formula used 2000 Census data as the basis for the calculation. Now the SSF distribution formula uses the Small Area Income Poverty Estimates published every year by the US Census Bureau. This data provides a count of children living in families in poverty in each school district and more accurately reflects current poverty in Oregon's school districts to ensure better distribution of the formula. The revised poverty calculation went into effect for the Fiscal Year 2015 distributions.

The facility grant ($9.0 million statewide in the 2017-19 biennium) is distributed on a pro-rata basis to all qualifying districts in the first two years a new school facility is put into use. The grant equals a maximum of eight percent of total construction costs of new school buildings, specifically excluding the cost of acquiring land, but including the addition of new structures to existing school buildings and pre-manufactured buildings if the new structures are used for instructing students. The facility grant is being phased out and replaced by the Oregon School Capital Improvement Matching ("OSCIM") program which school districts can apply for when they seek voter authorization for a general obligation bond measure. The transportation grant for each school district is between 70 percent and 90 percent of approved transportation costs, depending upon the ranking of the school district. Such ranking is based upon the approved transportation costs per ADMw. The high cost disability grant ($70.0 million statewide in the 2017-19 biennium) is distributed on a pro-rata basis to all qualifying districts and is equal to the approved costs of providing special education and related services to a resident pupil with disabilities in excess of $30,000.

School districts currently receive 95.5 percent of the total SSF distribution and education service districts ("ESDs") receive the remaining 4.5 percent. Beginning July 1, 2014, school districts are permitted to withdraw from their ESD and receive 90 percent of their district's prorated share of State funds allocated to the ESD.

State Legislature. The State has a citizen legislature consisting of the Senate, whose 30 members are elected to serve four-year terms, and the House of Representatives, which has 60 members elected for two-year terms (the "Legislature" or "Legislative Assembly").

The Legislature convenes annually at the State Capitol in Salem, but sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five-day extensions are allowed by a two-thirds vote in each house. The Legislative Assembly convenes on the second Monday in January in odd-numbered years, and in February in even-numbered years.

State K-12 Education Budget. SSF funding is set biennially in the State budget adopted by the Legislative Assembly in odd-numbered years (the "Legislatively Adopted Budget"). The State budget covers two fiscal years (a biennium) beginning July 1 of an odd-numbered year to June 30 of the next odd-numbered year, and sets funding for State agencies including ODE. The Legislative Assembly has the power to subsequently approve revisions to the Legislatively Adopted Budget. Such revised State budget is termed the "Legislatively Approved Budget."

The State Constitution requires the Legislative Assembly to balance the State's General Fund budget. The Department of Administrative Services Office of Economic Analysis (the "OEA") produces a forecast of projected revenues (a "Revenue Forecast") for the biennium generally each March, June (May in odd-numbered years), September and December. The OEA also produces a "Close of Session Forecast" after the end of the legislative session in odd years that reflects the May economic forecast adjusted for any changes made by the legislature.

Revenue Forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If OEA's assumptions are not realized or if other events occur or fail to occur, the State's financial projections may not be achieved. Copies of the Revenue Forecasts are available from OEA at: *www.oregon.gov/DAS/OEA*.

If, over the course of a biennium, the forecasted revenues decline significantly from the Close of Session Forecast, the Legislative Assembly may meet to rebalance the budget, the Governor may direct that expenditures be reduced or the Legislative Assembly may adjust the budget when it meets in its regular session at the end of the biennium.

2017-19 Biennium State Budget. The budget adopted by the Legislature for the 2017-19 biennium (the "Legislatively Adopted Budget") included $74.432 billion in total funds, representing a five percent increase over the 2015-17 biennium budget, as adjusted during the 2016 regular session (the "Legislatively Approved Budget"), of $70.892 billion. The 2017-19 Legislatively Adopted Budget includes $19.859 billion in General Funds, $1.071 billion Lottery Funds, $21.792 billion Federal funds and $31.710 billion Other Funds. The combined General Fund and Lottery Funds budget for the 2017-19 biennium is up by 10.3% over the 2015-17 Legislatively Approved Budget, but is down by 3.6% from the 2017-19 current service level estimate. The 2017-19 Legislatively Adopted Budget may by revised during the biennium when the Legislature convenes in February 2018.

2017-19 Biennium Revenue Forecasts. On February 16, 2018, the OEA released the March 2018 Revenue Forecast (the "March 2018 Forecast"). The March 2018 Forecast for gross General Fund revenues for the 2017-19 biennium was $19.49 billion, down $61.2 million from the Close of Session forecast, and down 40.1 million from the December 2017 Revenue Forecast. Personal income tax and corporate excise tax revenues for the 2015-17 biennium were both more than two percent above the Close of Session forecast, triggering the kicker law (see "Income Tax Rebate" herein). The large kicker payment to taxpayers reduces expected revenue growth for the 2017-19 biennium but is more than offset by a stronger lottery sales forecast, a higher beginning fund balance and legislative changes made during the 2017 Legislative session.

Oregon's primary General Fund revenues for the 2017-19 biennium are expected to reach $19.491 billion. This represents a decrease of $40.1 million from the December 2017 forecast, and an increase of just under $1 billion relative to the 2015-17 biennium. This outlook tracks closely with the assumptions used when crafting the budget. General Fund revenues for the 2015-17 biennium are expected to come in $61 million below the Close of Session forecast.

Since the September 2017 forecast, two significant factors have come into play that have changed Oregon's General Fund revenue outlook. The first factor, the new federal tax law (Tax Cuts and Jobs Act), stands to reduce state revenues in the near term, and will boost them in future budget periods. The second factor, a potential equity market correction, draws down revenues after a short delay.

Static impact estimates suggest that Oregon's General Fund revenues will be reduced by more than $200 million in the current biennium due to the Tax Cuts and Jobs Act. This impact reverses during the next decade, increasing revenues by more than $200 million per biennium. Several provisions contribute to this pattern, including accelerated depreciation (expensing), new inflation factors, expiring individual provisions and repatriated income from multinational corporations. Due to a quirk in current tax law, multinational repatriation represents a near-term revenue loss in Oregon rather than a windfall.

State General Fund Forecast Summary
($ in Millions)

	2017-19 Biennium Revenue Forecast			March 2018 Forecast Change From	
	Close of Session	**December 2017**	**March 2018**	**December 2017**	**Close of Session**
Structural Revenues					
Personal Income Tax	$ 17,147.4	$ 17,118.5	$ 17,174.8	$ 56.2	$ 27.4
Corporate Income Tax	1,077.0	1,078.0	978.2	(99.8)	(98.8)
All Other Revenues	1,327.6	1,334.3	1,337.8	3.5	10.2
Gross General Fund Revenues	**19,551.9**	**19,530.8**	**19,490.7**	**(40.1)**	**(61.2)**
Beginning Fund Balance	780.8	875.7	977.9	102.2	197.0
Offsets and Transfers	(75.5)	(73.9)	(67.0)	7.0	8.5
Administrative Actions	(21.5)	(21.5)	(21.5)	0.0	0.0
Legislative Actions	(180.1)	(180.1)	(179.4)	0.7	0.7
Net Available Resources	**$ 20,055.7**	**$ 20,130.9**	**$ 20,200.8**	**$ 69.8**	**$ 145.0**

Source: Oregon Office of Economic Analysis, "Oregon Economic and Revenue Forecast, March 2018," February 16, 2018.

Income Tax Rebate. When total actual revenue collections in the General Fund (excluding corporate income tax receipts) exceed the Close of Session forecast by two percent or more, the collections above the forecasted amount are returned to individual income taxpayers, commonly known as the "kicker." The September 2017 Forecast indicates the personal tax kicker base was 2.7 percent higher than the Close of Session forecast, resulting in a personal income tax kicker of $463.5 million. The personal tax kicker refunds do not affect revenues for the 2015-17 biennium but reduce the revenue for the 2017-19 biennium as the refund will be given as a credit on 2017 tax returns.

When corporate income tax collections exceed the Close of Session forecast by two percent or more, the treatment is different: those revenues are retained in the General Fund and dedicated to funding K-12 education. However, there is no guarantee that future Legislatures will allocate budgets such that total K-12 spending is increased by the amount of revenue generated by any corporate tax kicker. The September 2017 forecast indicates that corporate income tax collections for 2015-17 were 10.2 percent higher than the Close of Session forecast, generating a corporate kicker of $110.5 million at the end of the 2015-17 biennium.

State School Fund Appropriations. The 2017-19 Legislatively Adopted Budget included an appropriation of $8.2 billion for the SSF, representing an 11 percent increase over the 2015-17 biennium's Legislatively Approved Budget of $7.376 billion. The current service level estimate for 2017-19 was $8.013 billion, however, the Oregon School Boards Association advocated for $8.4 billion in SSF appropriations to avoid making cuts to school budgets. The District's current budget is included in "Financial Factors – Budgetary Process."

Current and historical state funding levels are detailed in the following table.

State School Fund Appropriations
($ in Millions)

Biennium	Fiscal Year	Budget Appropriation
2017-19[1]	2019	$ 4,100
	2018	4,100
2015-17	2017	3,747
	2016	3,629
2013-15	2015	3,440
	2014	3,210
2011-13	2013	2,845
	2012	2,868
2009-11	2011	2,813
	2010	2,940

(1) Preliminary, subject to change.

Source: Oregon Department of Education, School Finance Office: www.ode.state.or.us/search/results/?id=344.

Impact on the District. ODE provides SSF Grant estimates to each school district. Estimates are revised periodically throughout the year. The most recent ODE estimates for the District's SSF Grant for Fiscal Years 2017 and 2018 are shown in the following table.

Phoenix-Talent School District No. 4
Historical and Projected Weighted Average Daily Membership and State School Fund Grant
State School Fund Grant Apportionment

	2017	2018
Extended ADMw:		
Current Fiscal Year Estimated ADMw	3,268.90	3,207.61
Prior Fiscal Year Estimated ADMw	3,297.19	3,268.90
Extended ADMw (greater of Current or Prior Year)	3,297.19	3,268.90
Experience Adjustment:		
District Average Teacher Experience	11.53	11.53
State Average Teacher Experience	12.10	12.10
Experience Adjustment (District and State Teacher Experience Difference)	-0.57	-0.57
Local Revenue:		
Property Taxes	$ 8,160,000	$ 8,300,000
Federal Forest Fees	27,000	10,000
Common School Fund	315,751	316,222
County School Fund	0	0
State Managed Timber	0	0
In-lieu of Property Taxes	0	0
Revenue Adjustments	0	0
Local Revenue	$ 8,502,751	$ 8,626,222
Transportation Grant:		
Net Eligible Transportation Costs	$ 1,508,000	$ 1,600,000
Grant (70% of Net Eligible Transportation Costs)	$ 1,055,600	$ 1,120,000
General Purpose Grant:		
(Extended ADMw x [$4,500 + ($25 x Experience Adjust.)]) x Funding Ratio =	$23,483,025	$25,027,761
Total Formula Revenue:		
General Purpose Grant + Transportation Grant =	$ 24,538,625	$ 26,147,761
State School Fund Grant:		
Total Formula Revenue - Local Revenue =	$ 16,035,874	$ 17,521,539

Source: Oregon Department of Education, School Finance Office, Fiscal Year 2017 data as of May 10, 2017 and Fiscal Year 2018 data as of November 30, 2017 http://www.oregon.gov/ode/schools-and-districts/grants/Pages/default.aspx.

School districts are required to file their annual audited financials with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. Extensions may be granted by ODE for extenuating circumstances such as natural disasters. Any school district failing to file prior to the deadline and without an extension will not receive SSF payments until after the audit report has been filed. ODE will schedule the payment with the next regularly scheduled SSF payment date.

School districts that do not meet the rules and regulations of the State Board of Education (e.g., there must be at least 265 consecutive calendar days between the first and last instructional day of each school year) are classified as "non-standard." Under ORS 327.103, the Superintendent of Public Instruction may withhold portions of SSF monies otherwise allocated to any district that is found to be non-standard if deficiencies are not corrected before the beginning of the school year immediately following the date such district was found to be non-standard unless withholding of SSF monies would create an undue hardship or an extension has been granted by the Superintendent of Public Instruction. Such extension may not exceed 12 months. **The District has never been classified as "non-standard."**

STEM and Outdoor School Funding. The 2017 Legislature approved funding for two measures approved by the voters in the November 2016 election in addition to the SSF grant apportionment. Measure 98 ("M98"), the "High School Graduation and Career and College Readiness Act," requires the State to direct funding of approximately $800 annually per student to each Oregon high school student for purposes of dropout-prevention and providing career technical and college readiness programs. M98 also directs the Oregon Department of Education to track rates of college attendance and the need for remedial classes for those who attend, as well as provide other performance and financial accountability audits. Senate Bill 5516, currently awaiting the Governor's signature, appropriates $170 million for the High School Graduation and College and Career Readiness Fund in the 2017-19 biennium. The Oregon Department of Education released estimates for individual school districts and indicated that the District will receive $742,798.83 from this measure in the 2017-19 biennium.

Measure 99 ("M99"), the "Outdoor School Lottery Fund Initiative," creates the Outdoor School Education Fund to support outdoor school programs for all fifth and sixth graders across the state. The fund is financed with lottery moneys and administrated by Oregon State University. The District currently provides funding for outdoor school programs; therefore, the District may be able to utilize these resources differently. The Legislature approved $24 million for this program in the 2017-19 biennium and the District anticipates that it will receive $64,220.

State Reserve Funds

The 2007 Legislative Assembly created two budgetary reserve funds, the Rainy Day Fund and the Education Stability Fund. With the approval of three-fifths of each house, the Legislative Assembly may appropriate up to two-thirds of the money in the Rainy Day Fund or Education Stability Fund for use in any biennium if certain economic or revenue triggers occur. The March 2018 Forecast indicates that at the end of the 2015-17 biennium the Rainy Day Fund and the Education Stability Fund had ending fund balances of $376.4 million and $384.2 million, respectively.

Rainy Day Fund. The Rainy Day Fund may be drawn on for any General Fund purpose in the event of a decline in employment, a projected budgetary shortfall or a declaration of a state of emergency. In September 2007 the State made an initial deposit into the Rainy Day Fund of $319.2 million from the corporate tax kicker. The Oregon Rainy Day Fund retains interest earnings in the fund. The Rainy Day Fund receives biennial deposits from the ending General Fund balance in an amount equal to the lesser of (a) the actual General Fund ending balance for the preceding biennium or (b) one percent of the amount of General Fund appropriations for the preceding biennium. The amount on deposit with the Rainy Day Fund is capped at 7.5 percent of General Fund revenues for the prior biennium.

Education Stability Fund. Under the Oregon Constitution, 18 percent of the net proceeds from the State Lottery must be deposited in the Education Stability Fund quarterly. The Education Stability Fund currently does not retain earnings in the fund. The amount in the Education Stability Fund may not exceed five percent of the amount that was collected as revenues in the State's General Fund during the prior biennium.

Construction Excise Tax

School districts may levy a tax for capital improvements on new residential, commercial and industrial development ("Construction Excise Tax"). Affordable housing, public improvements, agricultural buildings, hospitals, private schools, and religious facilities are exempted from the Construction Excise Tax. The Construction Excise Tax for Fiscal Year 2018 is limited to: (i) $1.26 per square foot on residential construction and (ii) 63¢ per square foot on non-residential construction up to the lesser of $31,400 per building permit or $31,400 per structure. The tax rate limits are adjusted annually by the Oregon Department of Revenue for changes in construction costs. The Construction Excise Tax is not subject to voter approval.

Revenue generated through a Construction Excise Tax can be used to acquire land, construct, reconstruct or improve school facilities, acquire or install equipment, furnishings or other tangible property, pay for architectural, engineering, legal or other costs related to capital improvements, any expenditure for assets that have a useful life of more than one year, or the payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

The District. The Board adopted a resolution to impose the maximum construction excise tax on July 1, 2012. The District has intergovernmental agreements in place with the County and the cities of Medford, Phoenix and Talent to collect the construction excise tax. The District has collected the following construction excise taxes in recent years:

Phoenix-Talent School District No. 4 Construction Excise Taxes Received

Fiscal Year	Amount Collected
2017	$237,661
2016	160,830
2015	145,018
2014(1)	185,536
2013	-

(1) Includes collections for Fiscal Year 2013.
Source: District & District Audited Financial Statements.

Federal Funding

Oregon school districts receive federal funding for a variety of purposes. Such funding is generally restricted to specific purposes. The District reported receipt of $2.49 million of federal funds in Fiscal Year 2017. Of this amount, $32,878 was reported in the District's General Fund, and $2,460,706 in the Special Revenue Fund. The General Fund portion of federal funding comes from federal forest fees.

Federal Forest Fees. In 2000, Congress passed the Secure Rural Schools and Community Self-Determination Act (the "SRS Act") to replace a previous revenue sharing program. The SRS Act provides funding from the federal government to 18 of Oregon's 36 counties for schools, roads, and other purposes ("Federal Forest Fees"). The U.S. Congress has passed several extensions of the SRS Act, the most recent occurring on April 16, 2015 which extended payments through September 30, 2016. The District has no knowledge that this program will be authorized in the future.

Revenue losses from a discontinuation of the SRS Act will be spread across all school districts statewide as Federal Forest Fees are included in local revenue for calculation of SSF Grants (see "State of Oregon Public School Funding – State School Fund" herein).

Financial Factors

Financial Reporting and Accounting Policies

The District's basic financial statements were prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Additional information on the District's accounting methods is available in the District's audited financial statements. A copy of the District's audited financial report for Fiscal Year 2017 is attached hereto as Appendix B.

Auditing

Each Oregon political subdivision must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Political subdivisions having annual expenditures of less than $750,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing political subdivisions. School districts are required to file their audit annually with ODE within six months of the end of the fiscal year pursuant to ORS 327.137. See "Revenue Sources – State School Funding" herein.

The District audits for the Fiscal Years 2015 through 2017 ("District Audited Financial Statements") were performed by KDP Certified Public Accountants, LLP, Medford, Oregon (the "Auditor"). The District audit for the Fiscal Year 2014 was performed by KDCO Piels, Certified Public Accountants, LLP, Medford Oregon. The District audit for the Fiscal Year 2013 was performed by Michael L. Piels, CPA, LLP, Medford, Oregon. The audit report for Fiscal Year 2017 indicates the financial statements, in all material respects, fairly present the District's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2017 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access ("EMMA") system, a centralized repository operated by the Municipal Securities Rulemaking Board ("MSRB"), currently located at: www.emma.msrb.org.

Summaries of the District's Net Position and Changes in Net Position follow:

Statement of Net Position
(Fiscal Years)

Assets	2013	2014	2015	2016	2017
Cash and investments	$ 2,625,060	$ 2,899,203	$ 3,327,999	$ 4,511,005	$ 3,728,471
Receivables	1,117,161	1,136,603	1,388,077	1,492,850	1,916,768
Prepaid expenses	255,058	266,271	284,103	287,831	241,875
Inventories	20,420	27,319	17,299	15,788	27,426
Restricted cash and investments	614,685	-	-	-	-
Prepaid pension benefit obligation	9,011,258	8,410,508	-	-	-
Bond issuance costs, net	254,898	-	-	-	-
Net pension asset		-	2,955,170	-	-
Capital assets, net					
Land	2,188,639	2,188,639	2,188,639	2,188,639	2,188,639
Construction in progress	8,450	8,450	48,050	39,882	261,191
Buildings and improvements	19,331,268	18,550,801	17,782,018	17,140,794	16,342,378
Machinery and equipment	1,212,411	1,192,705	1,160,956	1,061,963	1,034,565
Total Assets	36,639,308	34,680,499	29,152,311	26,738,752	25,741,313
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	-	1,070,322	4,158,227	7,973,024
Liabilities					
Accounts payable	255,930	250,131	178,200	197,934	213,376
Accrued payroll liabilities	1,068,797	692,202	1,125,364	1,198,317	1,108,330
Accrued interest payable	48,579	46,115	37,172	35,345	4,370
Unearned revenue	208,449	39,471	78,196	128,504	151,348
Capital lease payable	-	-	-	-	5,919
OPERS pension liabilities(1)	-	-	-	-	15,813,144
Net pension liabilities		-	-	6,659,694	-
Other post employment benefit obligation	1,513,453	1,701,634	1,718,708	1,721,787	2,817,279
Early retirement stipend pension plan obligation(1)	-	-	-	-	2,431,427
Bonds payable, net of unamortized premium/discount					
Due within one year	1,458,000	1,630,907	2,092,914	2,236,914	2,402,000
Due in more than one year	23,278,272	21,639,458	19,586,657	17,349,743	14,947,742
Total Liabilities	27,831,480	25,999,918	24,817,211	29,528,238	39,894,935
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	5,702,282	4,771,217	1,092,805
Net Position					
Net investment in capital assets	12,945,123	13,153,230	13,135,092	14,034,621	15,142,031
Restricted	734,781	875,014	679,817	729,441	899,275
Unrestricted(2)	(4,872,076)	(5,347,663)	(14,111,769)	(18,166,538)	(23,314,709)
Total Net Position	**$ 8,807,828**	**$ 8,680,581**	**$ (296,860)**	**$ (3,402,476)**	**$ (7,273,403)**

(1) In Fiscal Year 2017, the District implemented GASB Statement No. 73 and 75 which recognizes the District's value of Stipend Pension Liability, and Postemployment Medical Benefit Liability (Explicit and Implicit).

(2) Decrease in unrestricted net position a result of implementation of GASB Statement 68 and 71 in Fiscal Years 2015 and 2016, and GASB Statement 75 in Fiscal Year 2017, which established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures for pension plans.

Source: District Audited Financial Statements.

Statement of Activities
(Fiscal Years)

Revenues:	2013	2014	2015	2016	2017
Program Revenues:					
Charges for services	$ 889,276	$ 947,369	$ 871,675	$ 879,137	$ 979,525
Operating grants and contributions	2,505,636	2,347,407	2,695,607	2,640,775	2,883,365
General Revenues:					
Property taxes levied for general purposes	7,005,498	7,291,321	7,530,934	7,833,149	8,027,187
Property taxes levied for debt service	1,347,412	1,501,319	1,430,198	1,783,482	1,807,078
Construction excise tax	-	185,536	145,018	160,830	237,661
Contributions	55,125	88,977	7,564	5,833	-
Earnings on investments	35,877	30,576	33,207	51,065	94,716
State school fund - general support	12,970,819	14,687,038	15,734,321	16,796,944	15,776,012
Common school fund	256,822	240,127	251,887	312,975	315,749
State school fund - lunch match	-	11,436	-	-	-
Federal forest fees	46,823	44,505	43,249	41,396	13,450
Unrestricted state and local sources	6,150	7,057	-	-	-
Miscellaneous	124,022	290,042	135,382	174,599	122,797
Total Revenues	25,243,460	27,672,710	28,879,042	30,680,185	30,257,540
Expenses:					
Instruction	14,041,167	14,592,152	12,400,793	18,715,518	16,715,853
Support services	9,795,388	9,756,038	8,600,391	11,777,671	10,624,219
Enterprise & community services	1,234,123	1,154,913	1,083,649	1,511,311	1,379,328
Facilities acquisition and construction	12,585	-	-	651	-
Fees and interest on long-term debt	1,198,436	1,145,432	1,117,547	885,381	812,978
Unallocated depreciation	878,350	896,524	901,790	895,269	897,027
Total Expenses	27,160,049	27,545,059	24,104,170	33,785,801	30,429,405
Change in net position	(1,916,589)	127,651	4,774,872	(3,105,616) (2)	(171,865)
Net position- July 1	10,724,417	8,552,930	8,680,581	(296,860)	(3,402,476)
Prior Period Adjustment	-	-	(13,752,313) (1)	-	(3,699,062) (3)
Total Net Position	**$ 8,807,828**	**$ 8,680,581**	**$ (296,860)**	**$ (3,402,476)**	**$ (7,273,403)**

(1) 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.

(2) The District's total net position decreased by $3.105 million in Fiscal Year 2016.The District's total expenditures increased from the prior year, $24.10 million to $33.79 million. The $9.69 million expenditure increase, is due primarily to a $5.60 million pension expense adjustment, and a prior year pension adjustment reported as a reduction to expense of $2.68 million. In addition, District revenues increased from the prior year, $28.88 to $30.68 million.

(3) The implementation of GASB 73 and 75 resulted in a restatement of beginning net positon in order to recognize the District's Stipend Pension Liability, and the District's Postemployment Medical Benefit Liability (Explicit and Implicit). The result of the restatement was a $3,699,062 reduction in the beginning net position, a $1,278,883 addition to the Stipend Pension Liability, and a $2,420,179 addition to the Other Post Employment Medical Benefit Liability.

Source: District Audited Financial Statements.

A five-year summary of the District's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years)

Assets	**2013**	**2014**	**2015**	**2016**	**2017**
Cash and investments	$ 1,805,970	$ 1,264,021	$ 1,829,286	$ 2,776,456	$ 2,398,623
Receivables	806,796	779,801	767,588	851,669	866,538
Prepaids	252,114	261,537	280,699	282,200	238,335
Total Assets	2,864,880	2,305,359	2,877,573	3,910,325	3,503,496
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	162,646	186,902	86,672	89,211	108,238
Accrued payroll liabilities	977,119	630,543	1,015,592	1,097,468	1,017,711
Total Liabilities:	1,139,765	817,445	1,102,264	1,186,679	1,125,949
Deferred Inflow of Resources:					
Unavailable revenue - property taxes	558,723	533,504	524,847	559,418	484,689
Fund Balances:					
Nonspendable	252,114	261,537	280,699	282,200	238,335
Unassigned	914,278	692,873	969,763	1,882,028	1,654,523
Total Fund Balances	1,166,392	954,410	1,250,462	2,164,228	1,892,858
Total Liabilities and Fund Balance	$ 2,306,157	$ 1,771,855	$ 2,352,726	$ 3,910,325	$ 3,503,496

Source: District Audited Financial Statements.

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
(Fiscal Years)

Revenues	**2013**	**2014**	**2015**	**2016**	**2017**
Property taxes and other taxes	$ 7,394,902	$ 7,316,540	$ 7,539,591	$ 7,798,578	$ 8,101,916
Intergovernmental(1)	13,263,326	14,971,670	16,029,457	17,151,315	16,145,414
Charges for services	-	49,174	97,993	131,038	118,445
Local grants and contributions	-	4,097	64	-	-
Investment earnings	-	19,384	23,514	38,689	73,360
Miscellaneous	-	248,249	139,512	120,235	102,349
Total Revenues	20,658,228	22,609,114	23,830,131	25,239,855	24,541,484
Expenditures					
Instruction	12,001,600	12,544,964	13,136,808	13,873,256	14,196,414
Support services	9,089,877	9,140,642	9,209,085	9,197,673	9,314,275
Enterprise and community services	794	13	-	-	-
Facilities and acquisition	577,696	5,650	-	-	-
Debt service	1,083,336	1,138,342	1,193,767	1,255,160	1,311,111
Total Expenditures	22,753,303	22,829,611	23,539,660	24,326,089	24,821,800
Excess (deficiency) of revenues over expenditures	(2,095,075)	(220,497)	290,471	913,766	(280,316)
Other Financing Sources (Uses)					
Proceeds from bond refunding	-	-	48,400	-	-
Bond refunding fees	-	-	(42,819)	-	-
Long-term debt financing	602,000	-	-	-	-
Proceeds from capital lease	-	-	-	-	8,946
Transfers	995,000	8,515	-	-	-
Total Other Financing Sources (Uses)	1,597,000	8,515	5,581	-	8,946
Change in fund balance	(498,075)	(211,982)	296,052	913,766	(271,370)
Fund balance at beginning of year	1,664,467	1,166,392	954,410	1,250,462	2,164,228
Ending fund balance	$ 1,166,392	$ 954,410	$ 1,250,462	$ 2,164,228	$ 1,892,858

(1) Includes State and Federal Sources.

Source: District Audited Financial Statements.

Budgetary Process

The District prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The District's administrative staff evaluates the budget requests of the various departments of the District to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Education adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.471.

General Fund Adopted Budget
(Fiscal Years)

Resources	2017	2018
Local Sources	$ 8,410,630	$ 8,645,500
State Sources	16,553,000	16,932,000
Federal Sources	27,000	13,000
Beginning Fund Balance	1,100,000	1,150,000
Total Resources	**$ 26,090,630**	**$ 26,740,500**
Requirements		
Instruction	$ 14,784,330	$ 14,358,798
Supporting Services	9,717,085	9,840,775
Community Services	-	-
Other	1,389,215	2,176,000
Contingency	200,000	364,927
Total Expenditures	**$ 26,090,630**	**$ 26,740,500**

Source: District Adopted Fiscal Year 2018 Budget.

Investments

ORS 294.035 authorizes Oregon political subdivisions to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon political subdivisions to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. The District has its own investment policy which is available upon request.

Political subdivisions are also authorized to invest approximately $48.3 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports – OSTF Detailed Monthly Reports" at http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx.

Pension System

General. The District participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all District employees are required to participate in PERS. Employer contribution rates are calculated as a percent of covered payroll. Employees are required to contribute six percent of their annual salary as well; however, employers are allowed to pay the employees' contribution in addition to the required employers' contribution. See "Employer Contribution Rates" herein.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" or "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, six percent of each employee's salary is contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the "IAP").

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP.

RHIA/RHIPA. The Oregon PERS Health Insurance Program offers optional medical, dental, and long-term care insurance plans to eligible T1/T2 retirees, their spouses, and dependents. See "Other Postemployment Benefits, Retirement Health Insurance Account" herein.

Actuarial Valuation. Actuarial valuations are performed annually as of December 31 of each year and are designed to measure the liabilities, assets and funded status of the System and for each employer, as well as determine employer contribution rates. The valuations are based on complex models which utilize assumptions on rates of return, payroll growth rates and demographic trends. The valuations as of December 31 of odd-number years are used by the Oregon Public Employees Retirement System Board (the "PERB") to set employer contribution rates, and valuations as of even-numbered years are used for advisory purposes only. Should the assumptions used in the actuarial model prove inaccurate, liabilities of the System may be higher or lower than estimated. Any increases or decreases in liabilities will be absorbed into future contribution rates assessed against employer payrolls. An employer's unfunded actuarial liability ("UAL") is equal to the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing assets available to pay those benefits. PERS' current actuary is Milliman, Inc. ("Milliman," or the "Actuary").

Actuarial valuations are performed for the entire System (the "System Valuation"), and for most participating employer, including the District (the "District Valuation"). Valuations are released nine to eleven months after the valuation date. Current payroll rates are based on the 2015 System Valuation, and those rates will extend through June 30, 2019. The most recent System valuation is the 2016 System Valuation, which was released in December 2017 and provides advisory-only rate projections for the 2019-21 biennium. Actual payroll rates for the 2019-21 biennium will be set by the 2017 System Valuation, which is expected to be released in September 2018.

Valuation Date	Release Date	Rates Effective
December 31, 2015	September 2016	July 1, 2017 – June 30, 2019
December 31, 2016	December 2017	Advisory only for July 1, 2019 – June 30, 2021
December 31, 2017	Expected September 2018	July 1, 2019 - June 30, 2021

System Actuarial Organization. An employer participates in PERS either on an independent basis, or through an actuarial pool, as follows:

T1/T2 Pension Programs

- *Independents:* An Independent Employer is one for whom its T1/T2 Pension Programs assets and liabilities are based on an actuarial analysis performed on its employee base. The District is not an independent employer.

- *School District Pool:* All kindergarten through grade 12 public school district and education service district public employers are pooled for actuarial purposes for the T1/T2 pension programs (the "School District Pool"). Each School District Pool member's allocated share of the pool's assets and liabilities is based on the member's proportionate share of the School District Pool's pooled payroll, which share may shift in the future due to relative growth in payroll. Further, the District's Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. **The District is a member of the School District Pool.**

- *State and Local Government Rate Pool:* For the T1/T2 Pension Programs, all State agencies, certain Oregon local governments and all community college public employers are pooled (the "State and

Local Government Rate Pool" or "SLGRP"). Each SLGRP member's allocated share of the pool's assets and liabilities is based on the member's proportionate share of the SLGRP's pooled payroll which share may shift in the future due to relative growth in payroll. Further, the SLGRP's Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions. The District is not a member of the SLGRP.

OPSRP

- *OPSRP's* assets and liabilities are pooled on a System-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The District's allocated share of OPSRP's assets and liabilities is based on the District's proportionate share of OPSRP's pooled payroll.

Actuarial Assumptions. Significant actuarial assumptions and methods used in the 2015 System Valuation included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the "Assumed Rate") on the investment of present and future assets of 7.50 percent, (d) payroll growth rate of 3.50 percent, (e) consumer price inflation of 2.75 percent per year, (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) for all T1/T2 UALs derived from the 2013 System Valuation and thereafter, and through 2033 for all T1/T2 UALs derived from the 2007, 2009 and 2011 valuations, and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP, and (g) a rate collar to limit increases or decreases in employer contribution rates from biennium to biennium (the "Rate Collar") (see ""Rate Collar" below).

The 2016 System Valuation utilizes the same significant actuarial assumptions and methods used in the 2015 System Valuation except it reflects the PERB's decision on July 28, 2017 to lower the Assumed Rate from 7.50 percent to 7.20 percent.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The District has elected to make the employee contribution.

Rate Collar. The PERB uses the Rate Collar to limit increases (or decreases) in employer contribution rates from biennium to biennium in order to smooth the impact of significant changes from one valuation to the next. The Rate Collar is applied and calculated as follows:

- The uncollared base rate, which is the actuarially determined rate which would need to be contributed to fully fund future benefits for current employees and to amortize the UAL over the specified amortization period, is calculated first.
- Should the anticipated increase or decrease necessary to impose the uncollared base rate be in excess of certain limits, then the Rate Collar is applied. Any excess increase or decrease is deferred to future rate cycles. The Rate Collar is currently in effect; see "District Contribution Rates" herein.
- If the funded status of the employer or the pool in which the employer participates is above 70 percent or below 130 percent (the "Base Case Rate Collar"), the Rate Collar is the greater of three percent of payroll (the "3% parameter") or 20 percent of the current base rate (the "20% parameter").
- If the funded status of an employer or the pool in which the employer participates is below 70 percent or above 130 percent, the Rate Collar increases by 0.3 percent of payroll if under the 3% parameter, or two percent of the current base rate if under the 20 percent parameter, for every percentage point under the 70 percent (or above 130 percent) funded level (the "Collar Ramp") until it reaches six percent of payroll, or 40 percent of the current base rate at the 60 percent (or above 140 percent) funded level (the "Double Rate Collar").

According to the 2016 System Valuation, the funded status, excluding employer Side Accounts, for the School District Pool was (68%),below the 70% funded status level. Should this continue to be the case with the 2017 System Valuation, the Rate Collar will widen beyond the Base Case Rate Collar. However, as of December 31, 2017, the rate of return for the OPERF was 15.31%, which may result in the funded status as of the 2017 System Valuation increasing.

System Funded Status & UAL. The table below includes the UAL and funded status for the System and the pool in which the District participates from the five most recent actuarial valuations.

System Unfunded Actuarial Liability and Funded Status(1)
($ in millions)

	System		School District Pool	
Valuation Date	UAL	Funded Status	UAL	Funded Status
12/31/16 (2)	$ 25,300.1	68.8%	$ 9,199.3	68.4%
12/31/15 (3)	21,830.8	71.3%	7,983.4	71.1%
12/31/14 (4)	17,940.7	75.6%	6,782.0	74.9%
12/31/13	8,503.5	86.4%	3,424.8	85.4%
12/31/12	11,139.3	81.6%	4,578.4	80.0%

(1) Does not take into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts (see "Side Accounts and Pension Bonds" herein).
(2) Increase in UAL and decline in funded status largely attributable to decrease in Assumed Rate (see "Actuarial Assumptions" above).
(3) Increase in UAL and decline in funded status largely attributable to investment returns of two percent during 2015, substantially less than the 7.5 percent Assumed Rate for that period.
(4) Cost saving changes were made during the 2013 Legislative session and applied to the 2013 System Valuation. The changes were subsequently reversed by the Supreme Court's decision in Moro v. State of Oregon, which largely overturned 2013 legislation that reduced COLA payouts. This resulted in a substantial increase in UAL and decline in funded status for the 2014 System Valuation. *Source: System Valuations.*

Side Accounts and Pension Bonds. Some jurisdictions, including the District, issued pension bonds and/or used other cash resources to make lump sum payments to PERS. For most jurisdictions, these lump sum payments were deposited into a "side account" (the "Side Accounts") that is amortized over a fixed period and used to reduce the contribution rates of the jurisdiction that made the deposit. Jurisdictions that issued pension bonds in order to make a lump sum deposit also have debt service due on their bonds. See "Outstanding Long Term Debt" herein.

The District made a lump sum deposit to PERS as follows:

Date	Original Deposit	Value of Side Account as of 2016 Valuation	Source of Funds	Original Amortization Period
02/06/2004	$ 14,184,383	$12,661,035	Bonds	24 years

Debt service is also due on the pension bonds as follows:

Phoenix-Talent School District No. 4
Projected Pension Bond Debt Service

Fiscal	Outstanding Pension Bonds		Total
Year	Principal	Interest	Debt Service
2018	$ 615,000	$ 693,928	$ 1,308,928
2019	715,000	661,807	1,376,807
2020	825,000	623,747	1,448,747
2021	940,000	579,420	1,519,420
2022	1,065,000	528,444	1,593,444
2023	1,205,000	470,156	1,675,156
2024	1,355,000	403,544	1,758,544
2025	1,515,000	328,640	1,843,640
2026	1,685,000	244,890	1,929,890
2027	1,875,000	151,744	2,026,744
2028	870,000	48,094	918,094
	$ 12,665,000	$ 4,734,414	$ 17,399,414

Source: The District.

Net Unfunded Actuarial Liability. The District's net unfunded pension UAL is the total of the District Allocated T1/T2 UAL and District Allocated OPSRP UAL, less the balance in the District's Side Account. The District's net unfunded pension UAL as reported in the District's actuarial valuation report as of December 31, 2015 (the "2015 District Valuation") and as reported in the District's actuarial valuation report as of December 31, 2016 (the "2016 District Valuation") is shown in the following table.

Phoenix-Talent School District No. 4 Net Unfunded Pension Liability

	2015 Valuation	2016 Valuation
Allocated pooled T1/T2 UAL	$ 28,769,451	$ 32,322,278
Allocated pooled OPSRP UAL	1,568,035	1,960,329
District Side Account	(13,086,449)	(12,661,035)
Net unfunded pension actuarial accrued liability	$ 17,251,037	$ 21,621,572

Source: 2015 District Valuation and 2016 District Valuation.

District Contribution Rates. The District's contribution rates for the 2017-19 biennium under the 2015 District Valuation, and the advisory contribution rates for the 2019-21 biennium under the 2016 District Valuation are provided in the following table. The actual rates for the 2019-21 biennium will be calculated in the 2017 Valuation, which is expected to be released in September 2018. The projected rate increases in the 2016 Valuation are limited by the Rate Collar to 6.11% for the School District Pool. Without the Rate Collar, rates would be projected to increase by 10.06% for the School District Pool. See "Rate Collar" herein.

Phoenix-Talent School District No. 4
Pension Contribution Rates (Percent of Covered Payroll)

	2017-19 Biennium			2019-21 Biennium		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	13.28	8.02	12.79	14.04	8.49	13.22
T1/T2 UAL rate	12.15	12.15	12.15	17.50	17.50	17.50
OPSRP UAL rate	1.27	1.27	1.27	1.56	1.56	1.56
Side account rate relief	(12.48)	(12.48)	(12.48)	(12.36)	(12.36)	(12.36)
Retiree Healthcare rate (RHIA)(1)	0.50	0.43	0.43	0.49	0.42	0.42
Total net contribution rate (%)	**14.72**	**9.39**	**14.16**	**21.23**	**15.61**	**20.34**

(1) Contribution rates to fund RHIA benefits are included in the total District employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits – Retirement Health Insurance Account" below.
Source: 2013 District Valuation, 2015 District Valuation and PERS.

District Contributions. The District's historical and projected annual contributions to PERS and pension bond debt service are provided in the following table.

Phoenix-Talent School District No. 4 Pension Expenses

Fiscal Year	District Contribution to PERS(1)	Pension Bond Debt Service	Total Pension Expense
2018(2)	$ 1,296,046	$ 1,308,928	$ 2,604,974
2017	903,286	1,245,824	2,149,110
2016	849,199	1,188,176	2,037,375
2015	981,878	1,126,145	2,108,023
2014	1,311,290	1,070,285	2,381,575
2013	1,881,492	1,016,263	2,897,755

(1) District's contribution to PERS which excludes amount to fund the employee contribution. Amount is net of the side account rate credit draw.
(2) Projected.
Source: Phoenix-Talent School District No. 4 and District Audited Financial Statements.

Actuarial Projections. At the December 2, 2017 PERB meeting, the Actuary presented financial modeling of the System for the next 20 years. Among the conclusions of the financial modelling were the following points:

- **Steady Return rates**: under the assumption of a consistent level of returns through 2037 (taking into account 2017 returns of 11.05% through September 2017), even with a consistent return of nine percent, System average rates will increase for the next two biennia before beginning to decline. At the assumed rate of 7.2%, System average rates increase by approximately 5% in each of the next two biennia before slowly declining. Under that scenario, System rates do not decline below 25% until 2035.
- **Variable Return rates**: the Actuary also provided stochastic modelling that showed a similar pattern: at the 50th percentile, rates climb from today's 20.8% to a high of 31.6% in 2023-25, then decline slowly to 29.4% in 2033-35, before dropping to 23% in 2035-37. In the 5th percentile, rates could climb as high as 56%; in the 95th percentile, rates decline to zero in 2029.
- **UAL** – in the Steady Return scenario, with a 7.2% consistent return, the UAL grows slightly before declining and would be fully amortized by 2034. In the Variable Return scenario, at the 50th percentile, the UAL declines to $23.5 billion at the end of 2017, but grows to $26.4 billion by the end of 2021, then declines to $1.6 billion by the end of 2035. In the Actuary's model, the 50th percentile return is somewhat below 7.20%.

The District cannot predict whether its payroll rates or UAL will increase by as much, more or less than what has been projected by the Actuary. However, the District does not believe it will have an impact on its ability to repay the Bonds.

GASB 67 and GASB 68. GASB Statements No. 67 and No. 68 modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements for governments that provide their employees with pensions. The PERS System is subject to GASB 67; each participating employer, including the District is subject to GASB 68. GASB 68 was incorporated in the District's financial statements beginning in Fiscal Year 2015. PERS contracted with Milliman to provide information for local governments to use in their financial statements.

Under GASB 68, for Fiscal Year 2016, the District reported a net pension liability of $6,659,694 and a pension expense of $5,595,895. In Fiscal Year 2017 the District's net pension liability increased to $15,813,144 due to System-wide increases in UAL due to investment returns of two percent during 2015. An employer's proportionate share of the liability will also change if the employer's payroll grows more or less than the System. The District reported a pension expense of $ 1,660,241 in Fiscal Year 2017. The expense in Fiscal Year 2016 was significantly larger than that for Fiscal Year 2017 due to the reversal by the Oregon Supreme Court of legislation approved by the 2013 Legislative Session. See Appendix B "Financial Statements" for more information regarding the District and GASB 68.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2016 System Valuation, this program had a surplus of approximately $1.3 million. The District's allocated share of the RHIA program's assets and liabilities is based on the District's proportionate share of the program's pooled payroll. According to the 2016 District Valuation, the District's allocated share of the RHIA program's surplus was $1,550.

The District's contributions to RHIA for the years ended June 30, 2015, 2016 and 2017 were $47,114, $51,589, and $62,423, respectively, which equaled the required contributions each year.

Health Insurance Subsidy. The District maintains a single-employer defined benefit OPEB plan that provides post-employment health benefits to eligible employees and their dependents. Generally, the program covers all who meet Oregon PERS retirement eligibility by receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. The program covers Administrative, Classified and Confidential staff that have been employed prior to July 1, 2003. Additionally, eligible Administrative staff must have at least 15 years of experience, Classified staff 20 years of continuous fulltime experience, and Confidential staff 10 years of experience. An eligible employee qualifies for paid health care coverage currently being received by active employees. Qualified spouses, domestic partners, and children may qualify for coverage. The coverage is paid for eight years or until Medicare eligibility, whichever comes first. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

District contributions for Administrative and Confidential retirees are capped at $1,698 per month, and for Classified retirees, are capped at $1,213 per month. These caps are expected to inflate in future years. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

During Fiscal Year 2017 the District recognized, on a budgetary basis, expenditures of approximately $173,042 for the post-employment healthcare benefits. The benefits from this program are paid by the District based on bargaining agreement language and contributions by employees are required. The plan is not accounted for in a pension trust fund; therefore designated funds are not legally restricted to pay future benefits.

As of June 30, 2017 the District had 35 inactive employees or beneficiaries currently receiving benefit payments under this plan, zero inactive employees entitled to but not yet receiving benefit payments, and 208 active plan members.

Prior to adopting GASB Statements 73 and 75 in its 2017 audited financial statements, the District reported annual other post employment benefit ("OPEB") cost (expense) as reflected on the Statement of Net Position on an accrual basis, calculated based on the annual required contribution (the "ARC") of the employee, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of six years as a level percentage of payroll. The following table details the District's ARC and Net OPEB Obligation under GASB Statement 45.

Annual Required Contribution

	2013	2014	2015	2016
Annual required contribution	$ 155,817	$ 160,491	$ 140,978	$ 145,207
Interest on prior net OPEB obligation	17,634	19,961	17,822	19,044
Adjustment to annual required contribution	72,762	(85,162)	(76,032)	(81,247)
Annual OPEB cost	246,213	95,290	82,768	83,004
Less: Contribution made	(188,020)	(148,794)	(141,262)	(110,520)
Increase in net obligation	58,193	(53,504)	(58,494)	(27,516)
Net OPEB obligation - beginning of Fiscal Year	440,859	499,052	445,548	387,054
Net OPEB obligation - end of Fiscal Year	$ 499,052	$ 445,548	$ 387,054	$ 359,538
% of Annual OPEB Cost Contributed	76%	156%	171%	133%

Source: District Audited Financial Statements.

The following table presents the unfunded actuarial accrued post-employment health insurance liability from the actuarial valuations completed under GASB Statement 45.

Unfunded Actuarial Accrued Liability

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
7/1/2014	$ -	$ 659,665	$ 659,665	0%	$ 11,043,818 (1)	5.97% (1)
7/1/2012	-	688,000	688,000	0%	12,100,000 (2)	5.69% (2)

(1) Fiscal Year 2015 payroll.
(2) Fiscal Year 2014 payroll.

Source: District Audited Financial Statements.

The District's most recent actuarial valuation, measured as of June 30, 2017 and completed under GASB Statements 73 and 75, reports a total OPEB liability of $2,817,279, which was determined by an actuarial valuation as of July 1, 2016.

Early Retirement Stipend Plan. The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible Administrative, Classified, Confidential and Licensed employees of the District (not administered through a trust). For retirement eligibility the retiree must be receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. The program covers Administrative, Classified and Confidential staff that have been employed since July 1, 2003, and licensed staff prior to June 20, 2003. Additionally, eligible Administrative staff must have at least 15 years of experience, Classified staff 20 years of continuous experience, Confidential staff 10 years of continuous experience and Licensed staff 15 years of full-time experience with the district, or at least 10 years of full-time experience and be on Step 15 of the Licensed salary schedule. Upon reaching age 55 (and having the required number of years of experience prior to the specified eligibility date), an employee may elect early retirement. A stipend in lieu of medical insurance from the District for Administrative and Confidential staff equal to medical premium, Classified may elect a $100 stipend in lieu of insurance benefit, and Licensed staff may elect to receive 2.65% of base licensed salary per month, which is allowed to inflate post-retirement. The stipend is paid for eight years or until the retiree is eligible for full Social Security Benefits, whichever comes first. There are no survivor benefits.

The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2017 was $340,872. There are no assets accumulated in a trust.

At June 30, 2017, there were 34 inactive employees or beneficiaries currently receiving benefit payments, zero inactive employees entitled to but not yet receiving benefit payments, and 54 active plan members.

Prior to adopting GASB Statements 73 and 75 in its 2017 audited financial statements, the District's annual pension cost (expense) is reflected on the Statement of Net Position on an accrual basis, and is calculated based on the 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 costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed six 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 details the District's annual pension costs under GASB Statement 27.

Annual Required Contribution

	2013	2014	2015	2016
Annual required contribution	$ 646,990	$ 666,399	$ 559,942	$ 576,740
Interest on prior net OPEB obligation	37,688	40,576	50,243	49,473
Adjustment to annual required contribution	(301,820)	(173,106)	(214,350)	(211,062)
Annual OPEB cost	382,858	533,869	395,835	415,151
Less: Contribution made	(310,685)	(292,184)	(320,267)	(384,556)
Increase in net obligation	72,173	241,685	75,568	30,595
Net OPEB obligation - beginning of Fiscal Year	942,228	1,014,401	1,256,086	1,331,654
Net OPEB obligation - end of Fiscal Year	$ 1,014,401	$ 1,256,086	$ 1,331,654	$ 1,362,249
% of Annual OPEB Cost Contributed	81%	55%	81%	93%

Source: District Audited Financial Statements.

The following table presents the unfunded actuarial accrued pension liability from the actuarial valuations completed under GASB Statement 45.

Unfunded Actuarial Accrued Liability

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
7/1/2014	$ -	$ 2,734,359	$ 2,734,359	0%	$ 11,043,818 (1)	24.76% (1)
7/1/2012	-	3,083,000	3,083,000	0%	12,100,000 (2)	25.48% (2)

(1) Fiscal Year 2015 payroll.
(2) Fiscal Year 2014 payroll.

Source: District Audited Financial Statements.

The District's total stipend pension liability of $2,431,427 was measured as of June 30, 2017, and was determined by an actuarial valuation date as of July 1, 2016.

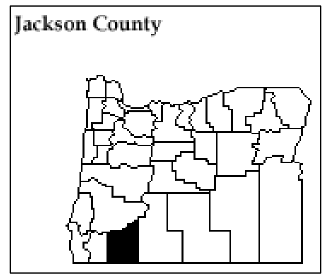
See Note 11 "Other Post-Employment Benefits" and Note 12 "Pension and Retirement Plans" of the District's audited financial statements for Fiscal Year 2017 for more information on the District's liability under GASB Statements 73 and 75.

Risk Management

The District is exposed to various risks of loss. A description of the risks is provided in the District's audited financial statements. The audited financial statement for Fiscal Year 2017 is attached hereto as Appendix B.

Demographic Information

General



The District's boundaries encompass the City of Phoenix, the City of Talent, and portions of the City of Medford (the "Cities") and unincorporated areas of Jackson County (the "County") within its boundaries. The City of Medford is the largest city in the District.

Historical data have been collected from generally accepted standard sources, usually from public bodies. This statement bases information on the County, and the Cities.

Population

The following table shows the historical population for the State, the County and the Cities of Phoenix, Talent and Medford:

Population

July 1[1]	State of Oregon	Jackson County	City of Phoenix	City of Talent	City of Medford
2017	4,141,100	216,900	4,605	6,325	79,590
2016	4,076,350	213,765	4,585	6,305	78,500
2015	4,013,845	210,975	4,585	6,270	77,655
2014	3,962,710	208,375	4,580	6,230	76,650
2013	3,919,020	206,310	4,570	6,170	75,920
2012	3,883,735	204,630	4,570	6,115	75,545
April 1[2]					
2010	3,831,074	203,206	4,538	6,066	74,907
2000	3,421,399	181,269	4,060	5,589	63,687
1990	2,842,321	146,389	3,239	3,274	47,021

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The County's principal industries are government (Jackson County, education, Bureau of Land Management and the Forest Service), healthcare, retail, tourism, agriculture, manufacturing, and forest products. Major employers include Asante Health System, Lithia Motors, Harry & David, Rogue Valley Medical Center and Providence Health System.

Transportation and utilities is the largest sector of non-farm employment accounting for 22.8 percent as of 2017; followed by education and health services (18 percent), government jobs (13.9 percent), leisure and hospitality (12.9 percent), and manufacturing (9 percent).

Major agricultural commodities produced in the region include pears, cattle, grapes, hay, squash and pumpkins.

Income. Historical personal income and per capita income levels for the County and the State are shown below:

Jackson County and State of Oregon
Total Personal and Per Capita Income

	Jackson County				State of Oregon			
Year	**Personal Income ($000 Omitted)**	**Dividends, Interest, Rent ($000 Omitted)**	**Per Capita Income**	**Per Capita Dividends, Interest, Rent**	**Personal Income ($000 Omitted)**	**Dividends, Interest, Rent ($000 Omitted)**	**Per Capita Income**	**Per Capita Dividends, Interest, Rent**
2017[(1)]	N/A	N/A	N/A	N/A	$ 193,196,460	$ 37,979,525	$ 46,304	$ 9,103
2016	$9,062,145	$1,974,563	$41,852	$ 9,119	185,839,645	36,782,728	45,399	8,986
2015	8,700,833	1,943,333	40,747	9,101	178,432,319	36,120,266	44,335	8,975
2014	8,140,364	1,857,128	38,706	8,830	165,816,558	33,237,250	41,785	8,376
2013	7,525,300	1,674,269	36,203	8,055	155,147,986	30,515,672	39,521	7,773
2012	7,380,315	1,664,567	35,767	8,067	152,489,633	30,281,325	39,109	7,766

Note: Dollar estimates are in current dollars (not adjusted for inflation).

(1) As of third quarter, preliminary and subject to change.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, County data as of November 17, 2017, State data as of December 20, 2017.

Employment. Non-farm employment within the County is described in the following tables:

Jackson County
Labor Force Summary (1)
(by place of residence)

						2017 Change from			
	2013	**2014**	**2015**	**2016**	**2017**	**2013**	**2014**	**2015**	**2016**
Civilian Labor Force	97,213	97,104	97,648	101,776	104,173	6,960	7,069	6,525	2,397
Unemployment	9,389	8,356	6,751	5,891	4,816	-4,573	-3,540	-1,935	-1,075
Percent of Labor Force	9.7%	8.6%	6.9%	5.8%	4.6%	---	---	---	---
Total Employment	87,824	88,748	90,897	95,885	99,357	11,533	10,609	8,460	3,472

Non-Agricultural Wage & Salary Employment(2)

						2017 Change from			
	2013	**2014**	**2015**	**2016**	**2017**	**2013**	**2014**	**2015**	**2016**
Total Nonfarm Payroll Employment	77,610	79,360	81,730	84,820	86,780	9,170	7,420	5,050	1,960
Total Private	65,840	67,650	69,820	72,520	74,680	8,840	7,030	4,860	2,160
Mining, logging and construction	390	410	430	460	440	50	30	10	-20
Construction	3,050	3,300	3,510	3,990	4,340	1,290	1,040	830	350
Manufacturing	7,090	7,370	7,530	7,720	7,850	760	480	320	130
Trade, transportation, and utilities	17,790	18,160	18,660	19,410	19,780	1,990	1,620	1,120	370
Information	1,490	1,360	1,320	1,260	1,210	-280	-150	-110	-50
Financial activities	3,630	3,690	3,740	4,000	4,080	450	390	340	80
Professional and business services	6,650	6,800	7,100	7,030	7,350	700	550	250	320
Educational and health services	13,790	14,000	14,470	14,980	15,640	1,850	1,640	1,170	660
Leisure and hospitality	9,500	9,890	10,340	10,810	11,220	1,720	1,330	880	410
Other services	2,460	2,590	2,670	2,850	2,780	320	190	110	-70
Government	11,770	11,720	11,910	12,300	12,100	330	380	190	-200

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, February 2018.

Major Employers in the County

Company	Service	Location	No. Employees
Asante	Health System	Medford	4,231
Lithia Motors Inc.	Auto-Truck Dealers	Medford	3,000
Harry & David	Direct Mail Merchandisers	Medford	1,700
Rogue Valley Medical Center	Hospitals	Medford	1,638
Providence Health System in Southern OR	Health Systems	Medford	1,300
Medford School District 549C	Schools	Medford	1,157
Jackson County	County Government	Medford	1,027
Wal-Mart Stores	Department Stores	Medford	930
Boise Casade	Plywood Mills	Medford	875
Amy's Kitchen	Food Manufacturer	White City	710
Southern Oregon University	Colleges & Universities	Ashland	600
Food Services of America	Food Service Supplier	Medford	560
Rogue Valley Manor	Retirement Communities	Medford	450
VA Southern Oregon Rehabilitation Center	Government & Government Agencies	Medford	418
City of Medford	Government & Government Agencies	Medford	405
Knife River Materials	General Contractors	Central Point	400
Fred Meyers	Grocery Store	Medford	400
CenturyLink	Communications	Medford	375
Sherm's Market/Food 4 Less	Grocers	Medford	367
Big R Stores	Farm & Ranch Supply	White City	350
Rogue Community College	Colleges & Universities	Ashland	309
Carestream Health, Inc.	Healthcare	White City	300
Jackson County Health and Human Services	Health Care Clinics/Facilities	Medford	270
Southern Oregon ESD	Education	Medford	260
Southern Oregon Headstart	Schools	Medford	258
Oregon Shakespeare Festival	Festivals/Special Events	Ashland	250
Cascade Wood Products	Lumber Mills	White City	240
Costco Wholesale	Wholesalers	Central Point	235
Goodwill Industries, Southern Oregon	Employment – Training & Placement	Medford	232
PremierWest Bank	Banks	Medford	204

Note: Total number of employees may include full, part-time, temporary and seasonal employment.
Source: Phoenix-Talent School District; the Chamber of Medford/Jackson County, December 2017.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the County are listed below:

Jackson County
Residential Building Permits

	New Single Family		New Multi Family			Total
Year	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost
2016	727	$ 168,656,450	23	185	$ 23,457,293	$ 192,113,743
2015	604	145,619,349	18	113	13,809,253	159,428,602
2014	587	147,382,684	24	157	19,020,535	166,403,219
2013	551	121,319,860	6	89	8,220,431	129,540,291
2012	368	76,027,069	19	181	18,603,027	94,630,096

Note: Data for 2017 not yet available.
Source: U.S. Census Bureau, December 2017.

Higher Education. Southern Oregon University ("SOU") is a four-year public liberal arts and sciences university located in Ashland, with a branch campus in Medford. The university offers bachelor and master degrees in more than 35 majors and more than 100 academic programs. Rogue Community College, a two-year college provides general education courses, occupational and technical preparatory training, lower division college transfer courses, skills upgrading and employee technical training. In the County, the College has campuses in Medford and White City.

Transportation. Interstate 5 and U.S. Highway 99 are the primary ground transportation routes serving the District. Air transportation is available at Rogue Valley International-Medford Airport, which is owned and operated by Jackson County. The airport services 8 hubs; four air carriers service the airport with approximately 56 arriving and departing flights daily.

Healthcare. Healthcare services are available at a number of hospitals in the County including: Ashland Community Hospital, Asante Health System in Medford, and Providence Medical Center in Medford.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that that do not qualify for the ballot, the District does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The District also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the District's charter and ordinances. Consequently, the District does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Referendum

"Referendum" generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Recent Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2008	8	0
2010	4	2
2012	7	2
2014	4	2
2016	4	3

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Bonds are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix A. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the authority to issue them conform to the Bonds and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Bonds nor the power and authority of the District to issue the Bonds. There is no litigation pending which would materially affect the finances of the District or affect the District's ability to meet debt service requirements on the Bonds.

Under the Oregon law local public bodies, such as the District, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $706,000, for causes of action arising on or after July 1, 2017, and before July 1, 2018. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed $1.412 million, for causes of action arising on or after July 1, 2017, and before July 1, 2018.

Property Damage or Destruction Claim. The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2017: (a) $115,1800, adjusted as described below, to any single claimant, and (b) $579,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2017, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds.. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Bonds. Pursuant to the Rule, the District has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. During the last five fiscal years, the District was obligated to provide Continuing Disclosure filings for its General Obligation Refunding Bonds, Series 2005; General Obligation Refunding Bonds, Series 2011; FlexFund Program, Certificates of Participation, Series 20l2C; and Limited Tax Pension Obligations, Series 2004 ("Outstanding Debt"). The District's undertakings require its annual financial information filing within 270 days of the end of the Fiscal Year (usually March 27). The District has complied in all material respects with its continuing disclosure requirements under the Rule in the past five years.

A copy of the form of the District's Continuing Disclosure Certificate for the Bonds is attached hereto as Appendix D.

Ratings

As noted on the cover page of this Official Statement, S&P Global Ratings, a Division of Standard & Poor's Financial Services LLC, has assigned its underlying ratings of "A+" to the Bonds. Standard & Poor's has also assigned its rating of "AA+" to the Bonds based on the District's participation in the Oregon School Bond Guaranty program. See "Security for the Bonds – Oregon School Bond Guaranty" herein. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Underwriting

The 2018A Bonds are being purchased by the Underwriter. The purchase contract relating to the 2018A Bonds (the "Purchase Contract") provides that the Underwriter will purchase all of the 2018A Bonds, if they are purchased. The purchase price of the 2018A Bonds is $47,879,514.98 (the principal amount of the 2018A Bonds ($48,101,046.05), less an Underwriters' discount of $221,531.07).

The 2018B Bonds are being purchased by the Underwriter. The purchase contract relating to the 2018B Bonds (the "Purchase Contract") provides that the Underwriter will purchase all of the 2018B Bonds, if they are purchased. The purchase price of the 2018B Bonds is $23,090,088.46 (the principal amount of the 2018B Bonds ($19,895,000), plus an original issue premium of $3,276,768.10, and less an Underwriters' discount of $81,679.64).

The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds to investment trusts) and others at prices lower than the initial public offering prices indicated on the inside cover page hereof. The Underwriter may change the public offering prices from time to time without prior notice.

Concluding Statement

The information contained herein should not be construed as representing all conditions affecting the District or the Bonds. Additional information may be obtained from the District. The statements relating to the Resolution are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The information assembled herein is not to be construed as a contract with Owners of the Bonds.

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Appendix A

Form of Bond Counsel Opinion

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March 20, 2018

Phoenix-Talent School District No. 4
401 West 4th St.
Phoenix, Oregon 97535

Re: Phoenix-Talent School District No. 4
Jackson County, Oregon
$48,101,046.05 General Obligation Bonds, Series 2018A
($103,370,000 Maturity Amount)
(Tax-Exempt Deferred Interest Bonds)
$19,895,000 General Obligation Bonds, Series 2018B
(Tax-Exempt Current Interest Bonds)

Ladies and Gentlemen:

We have acted as bond counsel to Phoenix-Talent School District No. 4 located in Jackson County, Oregon (the "District") in connection with the authorization, sale, issuance and delivery by the District of its $48,101,046.05 aggregate principal amount of General Obligation Bonds, Series 2018A (Tax-Exempt Deferred Interest Bonds) ($103,370,000 Maturity Amount) (the "Series 2018A Bonds") and the District's $19,895,000 General Obligation Bonds, Series 2018B (Tax-Exempt Current Interest Bonds) (the "Series 2018B Bonds", together with the Series 2018A Bonds, the "Bonds"), which are dated March 20, 2018. The Bonds are issued pursuant to Measure 15-171 from the November 7, 2017 election, Oregon Revised Statutes Chapter 287A and Resolution No. 17-9 adopted by the Board of Directors of the District on December 7, 2017 (the "Bond Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

We have examined the applicable law, a duly certified transcript of proceedings of the District, prepared in part by us, and other documents which we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied on the representations of the District contained in the Bond Resolution and other certified proceedings and certifications of officials of the District and others furnished to us without undertaking to verify such representations and certifications by independent investigation.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

A. The Bonds have been legally authorized and issued under and pursuant to the Constitution and statutes of the State of Oregon, and are valid and legally binding obligations of the District enforceable against the District in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the District.

B. Pursuant to ORS 287A.315, the District has pledged its full faith and credit and taxing power to pay the Bonds. The District has covenanted for the benefit of the Owners to levy annually, as necessary, a direct ad valorem tax upon all of the taxable property within the District which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other legally available amounts, to pay all Bond principal and interest when due. This tax shall be in addition to all other taxes of the District, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution.

C. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. Bond Counsel further is of the opinion that, for any Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Bonds, and we have assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things required by the Code to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph C hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

D. Interest on the Bonds is exempt from State of Oregon personal income tax.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed.

We have acted solely as bond counsel to the District regarding the sale and issuance of the Bonds and have not represented any other party in connection with the Bonds. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the District.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering materials relating to the Bonds, and we express no opinion relating thereto. We express no opinion as to the creditworthiness of the District, the investment quality of the Bonds or the adequacy of the security for the Bonds.

The opinions expressed herein are solely for your benefit in connection with the above referenced bond financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent of Hawkins Delafield & Wood LLP.

Very truly yours,

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Appendix B

Financial Statements

The District's Auditor has not performed any further review of the District's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2017 Fiscal Year.

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JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2017

WITH

INDEPENDENT AUDITOR'S REPORTS

kdp Certified Public Accountants, LLP

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon
June 30, 2017

BOARD OF DIRECTORS AS OF JUNE 30, 2017

Craig Prewitt	Chairperson
Marina Piacentini	Vice-Chair
Sara Crawford	Director
Richard Nagel	Director
Nate Shinn	Director
Shana Vos	Director
Dawn Watson	Director

ADMINISTRATIVE OFFICE:

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

Teresa Sayre	Superintendent-Clerk
Cally McKenzie	Assistant Superintendent of Human and Business Resources
Yazmin Karabinas	Director of Accounting

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Phoenix, Oregon
June 30, 2017

Table of Contents

kdp Certified Public Accountants, LLP
640 Superior Court
Medford, OR 97504
P: 541.773.6633
F: 541.773.1965
KDPLLP.COM

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, Oregon, (the District) as of and for the year ended June 30, 2017, 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 preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 Jackson County School District No. 4, as of June 30, 2017, 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.

Emphasis of Matter

As discussed in *Note 2* to the financial statements, in 2017 the District adopted new accounting guidance, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits schedule, certain pension schedules, and budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The general fund and special revenue major governmental funds budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund and special revenue major governmental funds budgetary comparison schedules are 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 a required as part of the basic financial statements. The schedule of expenditures of federal awards is presented for additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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 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 other supplementary information and the schedule of

expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 7, 2017 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 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

Stewart C Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 7, 2017

As management of Jackson County School District No. 4 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here.

Financial Highlights

• In the government-wide statements, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at June 30, 2017 by $7.27 million (net position).

• The District's net investment in capital assets is $15.14 million. The District has a net position restricted for scholarships and debt service of $899 thousand.

• The District's total net position decreased by $172 thousand. In the prior year, the District's total net position decreased by $3.11 million. Due to the implementation of GASB Statements 73 and 75, which affected the District's Early Retirement Stipend Pension and Other Post Employment Medical Benefit Liabilities reporting, the beginning net position was restated as an additional decrease of $3.7 million.

• The District's total expenditures decreased from the prior year, $33.79 million to $30.43 million. The $3.36 million expenditure decrease, is due primarily to a $3.94 million decrease in PERS pension expense adjustment. In addition, District revenues decreased from the prior year, $30.68 to $30.26 million.

• The District's governmental funds report combined ending fund balance of $3.82 million, a decrease of $264 thousand in comparison with the prior year. Approximately 43 percent of this total amount, $1.65 million, is available for spending at the District's discretion.

• At the end of the fiscal year, fund balance for the general fund was $1.89 million, down from $2.16 million in the prior year, a decrease of $271 thousand. This decrease includes a State School Fund revenue deduction from 2015-16 of $433 thousand due to higher than expected property taxes received in that year. Total fund balance in the General Fund represented about 7.62 percent of total General Fund expenditures, down from 8.90 percent in the prior year.

• The District's total liabilities and deferred inflows increased by $2.99 million during the 2016-17 fiscal year due to the net effect of an increase in pension liabilities of $9.15 million, and a decrease in long-term liabilities and deferred inflows of $6.25 million. The early retirement stipend pension liability decreased by $210 thousand.

Overview of the Financial Statements

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

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.

Overview of the Financial Statements (continued)

Government-wide financial statements

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

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

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

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

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements

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

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Programs and Debt Service, all of which are considered to be major funds. 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 report.

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 32 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This Management's Discussion and Analysis, is considered required supplementary information. Other required supplementary information displaying budgetary comparison schedules for all governmental funds can be found on pages 33 to 37 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $7.27 million at June 30, 2017. At June 30, 2016, District liabilities and deferred inflows of resources were greater than assets and deferred outflows of resources by $7.1 million.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 59 percent of total assets and deferred outflows. The remaining assets consist mainly of investments, cash, grants and property taxes receivable, and deferred outflows related to pensions. At June 30, 2016, capital assets represented approximately 66 percent of total assets and deferred outflows.

The District's largest liability (90 percent) is for the repayment of long-term debt and obligations including general obligation and limited tax pension bonds, and post-employment benefit and pension obligations. Current liabilities, representing about 10 percent of the District's total liabilities and deferred inflows, consist almost entirely of payables on accounts, salaries and benefits, and the current portion of long-term debt. In the prior year, the repayment of general obligation and limited tax pension bonds, and post-employment and pension obligations was also the District's largest liability while current liabilities represented about 11 percent of total liabilities and deferred inflows.

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

Government-wide Financial Analysis (continued)

Statement of Net Position (continued)

	Governmental Activities		Increase (Decrease) From
	June 30, 2017	June 30, 2016	June 30, 2016
Assets:			
Current assets	$ 5,914	$ 6,308	$ (394)
Other assets	-	-	-
Capital assets	19,827	20,431	(604)
Total assets	25,740	26,739	(998)
Deferred outflows	7,973	4,158	3,815
Total assets and deferred outflows	33,714	30,897	2,817
Liabilities:			
Current liabilities	3,885	3,796	89
Other liabilities	15,813	6,660	9,153
Long-term liabilities	20,196	22,771	(2,575)
Total liabilities	39,894	33,227	6,667
Deferred inflows	1,093	4,771	(3,678)
Total liabilities and deferred inflows	40,987	37,998	2,989
Net position:			
Net investment in capital assets	15,142	14,035	1,107
Restricted	899	729	170
Unrestricted	(23,314)	(21,865)	(1,449)
Total net position	$ (7,273)	$ (7,101) *	$ (172)

***** Due to the implementation of GASB statements 73 and 75, the net position at the beginning of 2016-17 was restated from a negative $3,402 million to a negative $7,101 million.

During the current fiscal year, the District's net position decreased by $172 thousand.

Governmental activities

As previously stated, most District activities are governmental in nature, and during the current fiscal year, the District's net position decreased by $172 thousand. The key elements of the change in the District's net position for the year ended June 30, 2017 are as follows:

Government-wide Financial Analysis (continued)

Governmental activities (continued)

	Governmental Activities		Increase (Decrease) From
	June 30, 2017	June 30, 2016	June 30, 2016
Revenues:			
Program revenues:			
Charges for services	$ 980	$ 879	$ 101
Operating grants and contributions	2,883	2,641	242
General revenues:			
Property taxes	9,834	9,617	217
Construction excise tax	238	161	77
State school fund - general support	15,776	16,797	(1,021)
Common school fund	316	313	3
Federal forest fees	13	41	(28)
Earnings on investments	95	51	44
Other	123	180	(57)
Total revenues	30,258	30,680	(422)
Expenses:			
Instruction	16,716	18,716	(2,000)
Support services	10,624	11,778	(1,154)
Enterprise and community services	1,379	1,511	(132)
Facilities acquisition and construction	-	1	(1)
Unallocated depreciation	897	895	2
Fees and Interest on long-term debt	813	885	(72)
Total expenses	30,429	33,786	(3,357)
Change in net position	$ (171)	$ (3,106)	$ 2,935

- Program revenues increased by $343 thousand in 2016-17 mainly due to an increase in operating grants and contributions.
- General revenues decreased by $765 thousand in 2016-17 due to a decrease in state school fund of $1.02 million. This includes a $433 thousand 2015-16 deduction applied in 2016-17, and $382 thousand 2014-15 additional revenue received in 2015-16. There was also an increase of $295 thousand in property and construction excise taxes.
- Instruction, support services and enterprise and community services expenses decreased by $3.29 million due primarily to a $3.94 million PERS pension expense decrease, and an increase of $897 thousand on instruction and support services.

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, unassigned fund balance may serve as a useful measure of a government's net resource's available for spending at the end of a fiscal year.

At June 30, 2017, the District's governmental funds reported combined ending fund balances of $3.82 million, a decrease of $264 thousand in comparison with the prior year. About $1.65 million (43 percent) of the ending fund balance constitutes *unassigned ending fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the District. As of June 30, 2017, fund balance was $1.89 million, down from $2.16 million 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. Fund balance represents 7.6 percent of total General Fund expenditures. The fund balance decreased by $271 thousand during the current fiscal year.

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. As of June 30, 2017, the District has a total fund balance of $1.76 million. In the prior year total fund balance was $1.81 million.

The Debt Service Fund has a total fund balance of $175 thousand, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year was $61 thousand.

General Fund Budgetary Highlights

Original budget compared to final budget. During 2016-17 there was one budget appropriation transfer within the Special Revenue Fund to reallocate funds to cover higher than anticipated expenses in instruction and support services.

Final budget to actual results

The most significant difference between estimated and actual revenue was the revenue received from state and local sources. Total estimated revenues were $24.99 million and total actual revenues were $24.54 million with a difference of $449 thousand. The State School Funding was lower than anticipated due to a negative prior year adjustment. Property taxes were higher than estimated.

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets includes land, buildings and improvements, and vehicles and equipment. As of June 30, 2017, the District had invested $19.83 million in capital assets, net of depreciation, as shown in the following table:

Capital Asset and Debt Administration (continued)

	Governmental Activities		Increase (Decrease) From
	June 30, 2017	June 30, 2016	June 30, 2016
Capital assets (net of depreciation):			
Land	$ 2,188,639	$ 2,188,639	$ -
Construction in progress	261,191	110,203	150,988
Buildings and improvements	16,342,378	17,070,473	(728,095)
Vehicles and equipment	1,034,565	1,061,963	(27,398)
Total capital assets	$ 19,826,773	$ 20,431,278	$ (604,505)

During the year, the District's investment in capital assets, net of depreciation, decreased by $605 thousand. The District's current year depreciation expense was approximately $897 thousand.

Additional information of the District's capital assets can be found in *Note 1* on page 10 and *Note 5* on page 17 of this report.

Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of $17.35 million, consisting of general obligation debt net of unamortized premium/discount, compared to about $19.58 million in the prior year.

During the current year, the District's total debt decreased by $2.23 million (11.4 percent), 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. The current debt limitation for the District is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in *Note 1* on page 10 and *Note 9* on pages 18-20 of this report.

Economic Factors and Next Year's Budget

On the November 7, 2017 Jackson County Election, voters approved the District to issue general obligation bonds not to exceed $68 million to improve safety, security, and learning environments. The State of Oregon approved a matching $4 million grant upon passing of the bond.

For the year ended June 30, 2017, the State of Oregon's School Fund formula, property and construction excise taxes represented about 87 percent of the District's revenues.

Salaries and benefit costs are expected to increase slightly in 2017-2018 based on current contractual obligations.

District membership is expected to remain static or decrease slightly for the next three years.

The District's Budget Committee and School Board considered these factors while preparing the budget for the 2017-2018 fiscal year.

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 Director of Accounting at 401 W. 4th Street, PO Box 698, Phoenix, Oregon 97535.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS:	
ASSETS:	
Cash and investments	$ 3,728,471
Receivables	1,916,768
Prepaid expenses	241,875
Inventories	27,426
Capital assets, net	
Land	2,188,639
Construction in progress	261,191
Buildings and improvements	16,342,378
Machinery and equipment	1,034,565
TOTAL ASSETS	25,741,313
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pensions	7,973,024
TOTAL ASSETS AND DEFERRED OUTFLOWS	33,714,337
LIABILITES AND DEFERRED INFLOWS:	
LIABILITIES:	
Accounts payable	213,376
Accrued payroll liabilities	1,108,330
Accrued interest payable	4,370
Unearned revenue	151,348
Capital lease payable	5,919
OPERS pension liabilities	15,813,144
Other post employment benefit obligation (OPEB)	2,817,279
Early retirement stipend pension plan obligation	2,431,427
Bonds payable, net of unamortized premium/discount	
Due within one year	2,402,000
Due in more than one year	14,947,742
TOTAL LIABILITIES	39,894,935
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,092,805
TOTAL LIABILITIES AND DEFERRED INFLOWS	40,987,740
NET POSITION:	
Net investment in capital assets	15,142,031
Restricted - Scholarship Fund	618,231
Restricted - Debt Service	281,044
Unrestricted	(23,314,709)
TOTAL NET POSITION	$ (7,273,403)

See notes to basic financial statements

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense)
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Revenue and Change In Net Position**
Governmental activities:				
Instruction	$ 16,715,853	$ 714,966	$ 1,083,307	$ (14,917,580)
Supporting services	10,624,219	79,748	659,057	(9,885,414)
Enterprise & community services	1,379,328	184,811	1,111,357	(83,160)
Facilities acquisition and construction	-	-	29,644	29,644
Fees and interest on long-term debt	812,978	-	-	(812,978)
Unallocated depreciation	897,027	-	-	(897,027)
Total government activities	$ 30,429,405	$ 979,525	$ 2,883,365	$ (26,566,515)

General revenues:	
Property taxes levied for general purposes	8,027,187
Property taxes levied for debt service	1,807,078
Construction excise tax	237,661
Earnings on investments	94,716
State school fund - general support	15,776,012
Common school fund	315,749
Federal forest fees	13,450
Miscellaneous	122,797
Total general revenues	26,394,650
CHANGE IN NET POSITION	(171,865)
NET POSITION - July 1, 2016	(3,402,476)
PRIOR PERIOD ADJUSTMENT	(3,699,062)
NET POSITION - beginning, as restated	(7,101,538)
NET POSITION - June 30, 2017	$ (7,273,403)

See notes to basic financial statements

FUND FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total
ASSETS				
Cash and investments	$ 2,398,623	$ 1,179,228	$ 150,620	$ 3,728,471
Receivables	866,538	919,806	130,424	1,916,768
Prepaids	238,335	3,540	-	241,875
TOTAL ASSETS	$ 3,503,496	$ 2,102,574	$ 281,044	$ 5,887,114
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 108,238	$ 105,138	$ -	$ 213,376
Accrued payroll liabilities	1,017,711	90,619	-	1,108,330
Unearned revenue	-	151,348	-	151,348
TOTAL LIABILITIES	1,125,949	347,105	-	1,473,054
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	484,689	-	105,589	590,278
TOTAL DEFERRED INFLOWS	484,689	-	105,589	590,278
Fund Balances:				
Nonspendable	238,335	3,540	-	241,875
Restricted for scholarships	-	618,231	-	618,231
Restricted for debt service	-	-	175,455	175,455
Assigned	-	1,133,698	-	1,133,698
Unassigned	1,654,523	-	-	1,654,523
TOTAL FUND BALANCES	1,892,858	1,755,469	175,455	3,823,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,503,496	$ 2,102,574	$ 281,044	$ 5,887,114

JACKSON COUNTY SCHOOL DISTRICT NO. 4
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2017

TOTAL FUND BALANCES		$ 3,823,782
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	$ 45,017,719	
Accumulated depreciation	(25,190,946)	19,826,773
In the governmental funds, inventory is accounted for under the purchase method and the current value is not reported in the fund balance sheet.		27,426
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.		590,278
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.		6,880,219
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		(4,370)
Bonds payable, net of bond premium		(17,349,742)
Capital leases payable		(5,919)
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.		(15,813,144)
The other post employment benefit liability obligation is not reported with the governmental funds.		(2,817,279)
The early retirement stipend pension plan obligation is not reported with the governmental funds.		(2,431,427)
TOTAL NET POSITION		$ (7,273,403)

JACKSON COUNTY SCHOOL DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total
REVENUES				
Property taxes and other taxes	$ 8,101,916	$ 237,661	$ 1,820,845	$ 10,160,422
Intergovernmental	16,145,414	2,843,162	-	18,988,576
Charges for services	118,445	735,884	-	854,329
Local grants and contributions	-	73,405	-	73,405
Investment earnings	73,360	11,767	9,589	94,716
Miscellaneous	102,349	78,577	-	180,926
TOTAL REVENUES	24,541,484	3,980,456	1,830,434	30,352,374
EXPENDITURES				
Current				
Instruction	14,196,414	1,663,547	-	15,859,961
Support services	9,314,275	849,781	-	10,164,056
Enterprise and community services	-	1,316,561	-	1,316,561
Debt service	1,311,111	-	1,769,164	3,080,275
Facilities and acquisition	-	204,841	-	204,841
TOTAL EXPENDITURES	24,821,800	4,034,730	1,769,164	30,625,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(280,316)	(54,274)	61,270	(273,320)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	8,946	-	-	8,946
TOTAL OTHER FINANCING SOURCES (USES)	8,946	-	-	8,946
NET CHANGE IN FUND BALANCE	(271,370)	(54,274)	61,270	(264,374)
FUND BALANCE, July 1, 2016	2,164,228	1,809,743	114,185	4,088,156
FUND BALANCE, June 30, 2017	$ 1,892,858	$ 1,755,469	$ 175,455	$ 3,823,782

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, 2017

NET CHANGE IN FUND BALANCE		$ (264,374)
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	$ 298,859	
Loss on disposal of assets	(6,337)	
Less current year depreciation	(897,027)	(604,505)
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.		
Debt principal repaid		2,232,000
Capital lease long-term debt		(5,919)
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
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	843,952	
Interest expense	(812,978)	30,974
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.		11,638
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.		(88,495)
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 either pension expense or income. This is the net change in pension related items.		(1,660,241)
The change in the net post employment benefit obligation is not recognized in the governmental funds.		172,143
CHANGE IN NET POSITION		$ (171,865)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The financial statements of Jackson County School District No. 4 (the District), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the District's accounting policies are described below.

The Reporting Entity

Jackson County School District No. 4, 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. 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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.

Special Revenue Fund – The 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, and there are both restricted and unrestricted net position available to finance the program, it is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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). Changes in the fair value of investments are recorded as investment earnings. 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).

Note 1 - Summary of Significant Accounting Policies (continued)

Property Taxes Receivable

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

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

Accounts and Other Receivables

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

Grants

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

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 one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements – 20 to 50 years
Equipment - 3 to 20 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.

Note 1 - Summary of Significant Accounting Policies (continued)

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses/expenditures.

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.

Deferred Outflows/Inflows of Resources

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

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

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, one which arises only under the modified accrual basis of accounting (unavailable revenues) and another that is reported under the full accrual basis of accounting (deferred amounts related to pensions). Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet, and deferred amounts related to pensions, is reported in the government-wide statement of net position.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position/Fund Balance

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

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
Restricted net position – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.
Unrestricted net position – 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.

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.

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.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. The District did not exceed its authorized appropriations for the year ended June 30, 2017.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

New GASB Pronouncements Adopted

During the fiscal year ended June 30, 2017, the District implemented the following GASB Pronouncements:

GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015 this statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. GASB Statement No. 72 was implemented for the District for fiscal year ending June 30, 2017. Since the District invests in short-term investments that are traded in active markets, implementation did not result in a change in valuation; but Note 3. Cash and Investments has been modified to provide the new disclosures required by this Statement.

GASB Statement No. 73, supersedes certain paragraphs and footnotes of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*; and all remaining requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*. The principal objective of GASB 73 is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees (both active and inactive) are provided with pensions that are not wihtin the scope of Statement No. 68 (i.e. Stipend Benefits). GASB 73 is generally effective for financial statements for fiscal years begnning after June 15, 2016.

GASB Statement No. 75, supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; and GASB Statement No. 57, *OPEB Measurments by Agent Employers and Agent Multiple-Employer Plans*. The principal objective of GASB 75 is to improve the usefullness of information for decisions made by the various users of the general purpose external financial reports of govenments whose employees (both active and inactive) are provided with postemployment benefits other than pensions (i.e. Medical Benefit). GASB 75 is effective for financial statements for fiscal years beginning after June 15, 2017 (ealier application was encouraged).

GASB Statement No. 77, *Tax Abatement Disclosures*. Issued August 2015, this statement requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 was implemented by the District for the fiscal year ended June 30, 2017.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2017:

GASB Statement No. 80, *Blending Requirements for Certain Component Units.* Issued January 2016, this statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements.* Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing

Note 1 - Summary of Significant Accounting Policies (continued)

Future GASB Pronouncements (continued)

recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 will be effective for the District, fiscal year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the District, fiscal year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the District, fiscal year ending June 30, 2020.

GASB Statement No. 85, *Omnibus 2017*. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as good will and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contract at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

GASB Statement No. 85 will be effective for the District, fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Issued May 2017, the purpose of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is deceased in substance. GASB Statement No. 86 will be effective for the District, fiscal year ending June 30, 2018.

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2021.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Future GASB Pronouncements (continued)

The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Note 2 – New Pronouncements Implemented and Restatements of Beginning Net Position

For the year ended June 30, 2017, the District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 73 is generally effective for financial statements for fiscal years beginning after June 15, 2016, and GASB 75 is effective for financial statements for fiscal years beginning after June 15, 2017 (earlier application was encouraged).

The implentation of GASB 73 and 75 resulted in a restatement of beginning net positon in order to recognize the District's Stipend Pension Liability, and the District's Postemployment Medical Benefit Liability (Explicit and Implicit). The result of the restatement was a $3,699,062 reduction in the beginning net position, a $1,278,883 addition to the Stipend Pension Lailbity, and a $2,420,179 addition to the Other Post Employment Medical Benefit Liability.

Note 3 - Cash and Investments

Cash and investments are comprised of the following as of June 30, 2017:

Petty cash	$ 331
Deposits with financial institutions:	
Demand deposits	644,147
Local Government Investment Pool	3,083,993
Total cash and investments	$ 3,728,471

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2017. 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 deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2017, the carrying amounts of the District deposits in various financial institutions were $644,147 and the bank balances were $953,257. All deposits are held in the name of the District. Of the bank balance, $558,012 is not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon, as identified by the State's Treasurer.

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

Note 3 - Cash and Investments (continued)

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 2017. 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, 2017, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

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

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

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

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

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Note 3 - Cash and Investments (continued)

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

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

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

Investments Measured at Fair Value:	Totals as of 6/30/2017	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	$ 3,083,993	-	-	-	$ 3,083,993
	$ 3,083,993	-	-	-	$ 3,083,993

Note 4 - Receivables

Receivables are comprised of the following as of June 30, 2017:

	Property Taxes	Grants	Other	Total
General Fund	$ 598,057	$ -	$ 268,481	$ 866,538
Special Revenue Fund	-	919,806	-	919,806
Debt Service Fund	130,424	-	-	130,424
	$ 728,481	$ 919,806	$ 268,481	$ 1,916,768

Note 5 - Capital Assets

The changes in capital assets for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Disposals / Transfers	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 2,188,639	$ -	$ -	$ 2,188,639
Construction in progress	110,203	150,988	-	261,191
Total capital assets not being depreciated	$ 2,298,842	$ 150,988	$ -	$ 2,449,830
Capital assets being depreciated:				
Building & Improvements	$ 35,415,467	$ 68,966	$ -	$ 35,484,433
Equipment/Fixtures/Vehicles	7,132,101	78,905	(127,550)	7,083,456
Total capital assets being depreciated	$ 42,547,568	$ 147,871	$ (127,550)	$ 42,567,889
Less accumulated depreciation for:				
Building & Improvements	$ (18,344,994)	$ (797,061)	$ -	$ (19,142,055)
Equipment/Fixtures/Vehicles	(6,070,138)	(99,966)	121,213	(6,048,891)
Total accumulated depreciation	$ (24,415,132)	$ (897,027)	$ 121,213	$ (25,190,946)
Total capital assets (net)				
Land	$ 2,188,639	$ -	$ -	$ 2,188,639
CIP	110,203	150,988	-	261,191
Building & Improvements	17,070,473	(728,095)	-	16,342,378
Equipment/Fixtures/Vehicles	1,061,963	(21,061)	(6,337)	1,034,565
Total capital assets (net)	$ 20,431,278	$ (598,168)	$ (6,337)	$ 19,826,773

Unallocated depreciation expense for fiscal year 2017 totaled $897,027.

Note 6 - Unavailable/Unearned Revenues

Governmental funds report deferred inflows of resources in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Amounts received in advance of the period in which services are performed and recorded in unearned revenue. At June 30, 2017, the various components of unearned revenue included in the governmental funds' Balance Sheet consist of the following:

	Unavailable	Unearned	Total
General Fund			
Property Taxes	$ 484,689	$ -	$ 484,689
Special Revenue Fund			
Grants	-	151,348	151,348
Debt service fund			
Property taxes	105,589	-	$ 105,589
Total inflows/unearned revenue	$ 590,278	$ 151,348	$ 741,626

JACKSON COUNTY SCHOOL DISTRICT NO. 4
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Note 7 - Operating Leases

The District leases copiers under non-cancellable operating leases. Total costs for such leases were $46,426 for the fiscal year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30	Amount
2018	$ 40,058
2019	35,091
2020	24,101
2021	10,205
2022	4,670
Total	$ 114,996

Note 8 - Capital Lease Payable

On June 6, 2016 the District entered into a capital lease to finance equipment that matures on June 1, 2019. The lease is payable in 36 monthly installments of $278, including an imputed interest rate of 7.98%. The cost of this equipment was $8,946. Interest expense in the current year was $593.

The following is the scheduled payment amount:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	$ 2,977	$ 365	$ 3,342
2019	2,942	121	3,063
Total	$ 5,919	$ 486	$ 6,405

Note 9 - Long-Term Debt

General Obligation Bonds

On July 11, 2011, the District refunded its 2001 general obligation bonds. The General Obligation Refunding Bonds, Series 2011 was for $2,490,000 for an economic gain of $345,367.

The 2011 series was issued with a premium that is being amortized on a straight line basis over the life of the bond.

Principal payments are due annually on June 15 and interest payments are due semiannually on June 15 and December 15. The bonds mature in 2020 and carry an annual interest rate that varies from 2.88-3.00%.

Note 9 - Long-Term Debt (continued)

Fiscal Year Ending June 30	Principal	Interest	Total	Interest Rate
2018	$ 10,000	$ 72,494	$ 82,494	3.00%
2019	1,635,000	72,194	1,707,194	3.00%
2020	805,000	23,143	828,143	2.88%
Total	$ 2,450,000	$ 167,831	$ 2,617,831	

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

Fiscal Year Ending June 30	Principal	Interest	Total	Interest Rate
2018	$ 1,720,000	$ 25,021	$ 1,745,021	1.31%
2019	190,000	2,489	192,489	1.31%
Total	$ 1,910,000	$ 27,510	$ 1,937,510	

Pension Obligation Bond – Series 2004

In February of 2004, the District participated in a pooled issuance of Series 2004 limited tax pension obligations. Certain Oregon school districts and education service districts issued limited tax obligations (Pension Obligation), the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each issuer with the Oregon Public Employees Retirement System (PERS). The full faith and credit of the District was pledged for the punctual payment of the principal of and interest on its Pension Obligation, and debt service on the Pension Obligation is not subject to annual appropriation. The Pension Obligation is further secured by an Intercept Agreement under which an amount equal to the debt service on each issuer's Pension Obligation will be diverted from State Education Revenues.

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 on June 30 and December 30 of each year until maturity in 2028. The 2004 Obligations are subject to prepayment as further described in the official statement.

Fiscal Year Ending June 30	Principal	Interest	Total	Interest Rate
2018	$ 615,000	$ 693,928	$ 1,308,928	5.223%
2019	715,000	661,807	1,376,807	5.323%
2020	825,000	623,747	1,448,747	5.373%
2021	940,000	579,420	1,519,420	5.432%
2022	1,065,000	528,444	1,593,444	5.473%
2023-2027	7,635,000	1,598,974	9,233,974	5.528%
2028	870,000	48,094	918,094	5.528%
Total	$ 12,665,000	$ 4,734,414	$ 17,399,414	

Note 9 - Long-Term Debt (continued)

OSBA FlexFund Obligation Bond

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 0.75% to 3.00%, 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
2018	$ 57,000	$ 7,376	$ 64,376	1.800%
2019	62,000	6,350	68,350	2.000%
2020	62,000	5,110	67,110	2.375%
2021	62,000	3,638	65,638	2.625%
2022	67,000	2,010	69,010	3.000%
Total	$ 310,000	$ 24,484	$ 334,484	

The changes in unmatured bond principal for the year ended June 30, 2017 are as follows:

	Original Issue	Outstanding July 1, 2016	Matured and Redeemed	Outstanding June 30, 2017
General Obligation Bonds				
2011 Series	$ 2,490,000	$ 2,455,000	$ (5,000)	$ 2,450,000
2015 Series	5,237,000	3,555,000	(1,645,000)	1,910,000
Total General Obligation	$ 7,727,000	$ 6,010,000	$ (1,650,000)	$ 4,360,000
Pension Obligation Bond				
2004 Series	$ 14,895,000	$ 13,190,000	$ (525,000)	$ 12,665,000
Total Pension Obligation	$ 14,895,000	$ 13,190,000	$ (525,000)	$ 12,665,000
OSBA FlexFund Obligation Bond				
2012 Series	$ 602,000	$ 367,000	$ (57,000)	$ 310,000
Total OSBA FlexFund Obligation	$ 602,000	$ 367,000	$ (57,000)	$ 310,000
Total Long Term Debt	$ 23,224,000	$ 19,567,000	$ (2,232,000)	$ 17,335,000
Unamortized Premium / (Discount)		$ 19,657	$ (4,915)	$ 14,742
		$ 19,586,657	$ (2,236,915)	$ 17,349,742

Interest paid on the above debt was $843,952 and interest expense for the current fiscal year is $812,978.

Note 10 - 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 $612,555. 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, 2017 the balance of the Scholarship fund is $618,231. The Scholarship fund is currently invested in the Local Government Investment Pool earning average interest rate of 1.4500%.

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

Single-Employer Defined Benefit Health Care Plan –

Plan Description – The District maintains a single-employer defined benefit OPEB plan that provides post-employment health benefits to eligible employees and their dependents. Generally, the program covers all who meet Oregon PERS retirement eligibility by receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. The program covers Administrative, Classified and Confidential staff that have been employed prior to July 1, 2003. Additionally, eligible Administrative staff must have at least 15 years of experience, Classified staff 20 years of continuous full-time experience, and Confidential staff 10 years of experience. An eligible employee qualifies for paid health care coverage currently being received by active employees. Qualified spouses, domestic partners, and children may qualify for coverage. The coverage is paid for eight years or until Medicare eligibility, whichever comes first. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

District contributions for Administrative and Confidential retirees are capped at $1,698 per month, and for Classified retirees, are capped at $1,213 per month. These caps are expected to inflate in future years.

In addition, the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Their requirement to make available to retirees (at the retirees own cost) access in to the healthcare plan has an implicit cost to the district.

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Employees Covered by Benefit Terms – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees hired subsequent to July 1, 2003. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2017, the following employees were covered by the explicit benefit terms:

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

Single-Employer Defined Benefit Health Care Plan – (continued)

Inactive employees or beneficiaries currently receiving benefit payments	35
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	208
	243

Total OPEB Liability – The districts total OPEB liability of $2,817,279 was measured as of June 30, 2017, and was determined by an actuarial valuation date as of July 1, 2016.

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.0% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth
Annual Premium Increase Rate	Between 5% and 6.5% annually
Mortality Rates	RP 2000 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicity subsidy

Changes in the Total OPEB Liability –

OPEB Liability at June 30, 2016	$	2,779,717
Changes for the year:		
Service cost		127,890
Interest		82,714
Benefit payments		(173,042)
OPEB Liability at June 30, 2017	$	2,817,279

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate 2.0%	Current Discount Rate 3.0%	1% Increase Rate 4.0%
Total OPEB Liability	$ 3,026,790	$ 2,817,279	$ 2,623,052

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

***Changes in the Total OPEB Liability* – (continued)**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease 5.5% Graded Down to 4%	Current Trend Rate 6.5% Graded Down to 5%Trend Rates	1% Increase 7.5% Graded Down to 6%
Total OPEB Liability	$ 2,540,807	$ 2,817,279	$ 3,142,623

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2017, the District recognized OPEB expense of $210,604. At June 30, 2017, the District reported no deferred outflows or inflows associated with its OPEB plan.

Retirement Health Insurance Account (RHIA) –

Plan Description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700.

Funding Policy - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.49% of annual covered OPERF payroll and 0.10% of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

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

Retirement Health Insurance Account (RHIA) – (continued)

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) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2015, 2016 and 2017 were ($47,114, $51,589, and $62,423) which equaled the required contributions each year.

Note 12 - Pension and Retirement Plans

Tax Sheltered Annuity Plan –

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code), and deferred compensation program pursuant to Section 457 of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District provides no matching component for employee contributions.

Early Retirement Stipend Pension Plan –

Plan Description - The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible Administrative, Classified, Confidential and Licensed employees of the District (not administered through a trust). For retirement eligibility the retiree must be receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. The program covers Administrative, Classified and Confidential staff that have been employed since July 1, 2003, and licensed staff prior to June 20, 2003. Additionally, eligible Administrative staff must have at least 15 years of experience, Classified staff 20 years of continuous experience, Confidential staff 10 years of continuous experience and Licensed staff 15 years of full-time experience with the district, or at least 10 years of full-time experience and be on Step 15 of the Licensed salary schedule. Upon reaching age 55 (and having the required number of years of experience prior to the specified eligibility date), an employee may elect early retirement. A stipend in lieu of medical insurance from the District for Administrative and Confidential staff equal to medical premium, Classified may elect a $100 stipend in lieu of insurance benefit, and Licensed staff may elect to receive 2.65% of base licensed salary per month, which is allowed to inflate post-retirement. The stipend is paid for eight years or until the retiree is eligible for full Social Security Benefits, whichever comes first. There are no survivor benefits.

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2017 was $340,872. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2017, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	54
	88

Total Stipend Pension Liability – The districts total stipend pension liability of $2,431,427 was measured as of June 30, 2017, and was determined by an actuarial valuation date as of July 1, 2016.

Note 12 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan – (continued)

Actuarial Assumptions and Other Inputs – The total stipend pension liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.0% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth
Annual Premium Increase Rate	Between 5% and 6.5% annually
Mortality Rates	RP 2000 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eiligible Children	We have assumed no impact of dependent children on the implicity subsidy

Changes in the Stipend Pension Liability –

Stipend Pension Liability at June 30, 2016	$	2,641,132
Changes for the year:		
Service cost		62,238
Interest		74,964
Benefit payments		(346,907)
Stipend Pension Liability at June 30, 2017	$	2,431,427

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate – The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate 2.0%	Current Discount Rate 3.0%	1% Increase Rate 4.0%
Total Stipend Pension Liaiblity	$ 2,550,666	$ 2,431,427	$ 2,316,270

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2017, the District recognized stipend pension expense of $137,202. At June 30, 2017, the District reported no deferred outflows or inflows associated with its stipend pension plan.

Note 12 - Pension and Retirement Plans (continued)

OPERS Plan -

Plan Description - Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

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) -

Pension Benefits - The OPERS 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 (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. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan was 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:

Note 12 - Pension and Retirement Plans (continued)

OPERS Plan – (continued)

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

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% of the member's salary determined as of the last full month of employment before the disability occurred.

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 (COLA). The COLA is capped at 2.0%.

OPSRP Pension Program (Chapter 238A) -

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

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

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 adjustment (COLA). The COLA is capped at 2.0%.

Note 12 - Pension and Retirement Plans (continued)

Contributions –

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The District's employer contributions for the year ended June 30, 2017 were $903,286, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2017 for each pension program were: Tier1/Tier 2 – 10.06%, and OPSRP general service – 5.37%.

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/Financials/Actuarial-Financial-Information.aspx

Actuarial Valuation -

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability –

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent (reduced from 2.75%)
Long-term expected rate of return[1]	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	***Healthy retirees and beneficiaries:*** RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. ***Active members:*** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. ***Disabled retirees:*** Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Note 12 - Pension and Retirement Plans (continued)

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate –

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means; see PERS' audited financial statements at:

http://www.oregon.gov/pers/docs/financial_reports/2016_cafr.pdf.

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

At June 30, 2017, the District reported $15,813,144 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was approximately 0.1053 percent.

For the year ended June 30, 2017, the District recognized pension expense of $1,660,241. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level. The $1,660,241 was treated as and increase of payroll related expense in the Statement of Activities and allocted to Instruction, Supporting Services, and community Services using allocation percentages of 58%, 37% and 5%, respectively.

Note 12 - Pension and Retirement Plans (continued)

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

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 523,170	$ -
Changes of assumptions	3,372,564	-
Net difference between projected and actual earning on investments	3,124,014	-
Changes in proportionate share	-	764,569
Differences between employer contributions and employers proportionate share of system contributions	49,990	328,236
Contributions subsequent to measurement date	$903,286	-
Total	$ 7,973,024	$ 1,092,805

$903,286 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2017.

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

Year Ended June 30	Net Deferred Outfow of Resources (prior to post-measurement date contributions)
2018	$ 1,004,896
2019	1,004,894
2020	2,148,994
2021	1,613,515
2022	204,634
Thereafter	-
Total	$ 5,976,933

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

Note 12 - Pension and Retirement Plans (continued)

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

District's Net Pension Asset/(Liability)	1% Decrease (6.50)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Defined Benefit Pension Plan	$ 25,532,955	$ 15,813,144	$ 7,689,082

Changes in Assumptions –

A summary of key changes implemented since the December 31, 2013 valuation can be found in the 2014 Experience Study for the System, which can be found at:

http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits - Participants in OPERS defined contribution pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

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

Contributions - During 2017, the District, as an employee benefit, paid the employees portion of the contribution. For 2017, the District paid $762,666 for this contribution.

Note 13 - Contingencies

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

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

Note 14 - 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

Note 14 - Current Vulnerability Due to Certain Concentrations (continued)

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 15 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past five fiscal years ending June 30, 2017.

Note 16 - Tax Abatements

As of June 30, 2017, Jackson county provides tax abatements through Enterprise Zone program. For the fiscal year ended June 30, 2017, Phoenix-Talent School District did not have any abated property taxes under this program.

Note 17 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2017 through December 7, 2017, 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, 2017 through the date the financial statements were available for issuance.

Bond Measure Approval -

The District proposed Measure 15-171 during the November 7, 2017 Jackson County Election to approve issuance of general obligation bonds, not to exceed $68,000,000, to improve safety, security, and learning environments. Upon approval of measure 15-171, the State of Oregon will provide matching funds of $4,000,000. The measure officially was approved by the voters of Jackson County on November 7, 2017.

Changes in OPERS Pension Plan Provisions -

At its July 28, 2017 meeting, the PERS Board lowered its effective "assumed rate" from 7.5% to 7.2% effective, January 1, 2018. The assumed rate is the rate of investment return (including inflation) that the PERS Fund's regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate "means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation."

The lowered rate is expected to increase the PERS net pension liability by an estimated $2.0 to $2.4 billion. Of this increase, the District's portion is estimated at $2.1 to $2.5 million.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2017	2016	2015	2014
District proportion of the net pension asset/(liability)	0.10533443%	0.1159930%	0.1303724%	0.1303724%
District's proportion of the net pension asset/(liability)	$ (15,813,144)	$ (6,659,694)	$ 2,955,170	$ (6,653,095)
District's covered-employee payroll	$ 11,760,743	$ 11,400,100	$ 10,917,979	$ 11,043,818
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	134.46%	58.42%	-27.07%	60.24%
Plan fiduciary net position as a percentage of the total pension liability	80.53%	91.88%	103.59%	91.97

Jackson County School District No. 4 Contributions

	2017	2016	2015	2014
Contractually required contributions	$ 903,286	$ 849,199	$ 981,878	$ 1,311,290
Contribution in relation to the contractually required	(903,286)	(849,199)	(981,878)	(1,311,290)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 11,760,743	$ 11,400,100	$ 10,917,979	$ 10,954,483
Contributions as a percentage of covered-employee payroll	7.68%	7.45%	8.99%	11.97%

Note 1 - Changes of Benefit Terms and Assumptions -

A summary of assumption changes implemented since the December 31, 2014 valuation are outlined briefly below. A comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the system, which was published on September 23, 2015, and can be found at: *http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf*

Changes in Actuarial Method and Allocation Procedures:
General Service member weighting changed from 30% to 25% of proportional liability.

Changes in Economic Assumptions:
Inflation was lowered to 2.5%, and payroll growth was reduced from 3.75% to 3.5%. Investment return and interest crediting was reduced from 7.75% to 7.5%. With the implementation of GASB No. 67 and 68 this necessitated an explicit Tier 1/Tier 2 administrative expense assumption of $33 million per year for December 31, 2014 and December 31, 2015. Health care cost inflation and implemenation of the excise tax in 2018 was considered. Disability mortality tables were updated using the RP2000 generational tables, whereas RP2000 static tables were previously used. Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:
Unused sick leave and vacation pay rates were adjusted. Retirement Health Insurance Account (RHIA) participation rate for healthy retires was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total Pension Liability (Stipend):	**2017**
Service cost	$ 62,238
Interest	74,964
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions of other inputs	-
Benefit payments	(346,907)
Net change in total pension liability (stipend)	(209,705)
Total Pension Liability (Stipend) - beginning	$ 2,641,132
Total Pension liability (Stipend) - ending	$ 2,431,427
Estimated Covered - employee payroll	$ 3,413,350
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	71.23%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:
Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 12 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:
None noted.

Other information:
This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only one year of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total OPEB Liability:	**2017**
Service cost	$ 127,890
Interest	82,714
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions of other inputs	-
Benefit payments	(173,042)
Net change in total OPEB liability	37,562
Total OPEB liability - beginning	$ 2,779,717
Total OPEB liability - ending	$ 2,817,279
Estimated Covered - employee payroll	$ 11,647,977
Total OPEB liability as a percentage of estimated covered - employee payroll	24.19%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:
Significant methods and assumptions used in calculating the actuarially determined contributions are described in Note 11 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:
None noted.

Other information:
This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only one year of information is presented.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget			Variance with Final Budget Positive
	Adopted	Final	Actual	(Negative)
REVENUES				
Local sources:				
Property taxes	$ 8,162,000	$ 8,162,000	$ 8,101,916	$ (60,084)
Charges for services	109,000	109,000	118,445	9,445
Interest on investments	23,000	23,000	73,360	50,360
Miscellaneous	116,630	116,630	102,349	(14,281)
State sources:				
Basic school support	16,290,000	16,290,000	15,776,012	(513,988)
Intergovernmental	263,000	263,000	336,524	73,524
Federal sources:				
Intergovernmental	27,000	27,000	32,878	5,878
TOTAL REVENUES	24,990,630	24,990,630	24,541,484	(449,146)
EXPENDITURES				
Current:				
Instruction	14,784,330	14,784,330	14,196,414	587,916
Support services	9,717,085	9,717,085	9,314,275	402,810
Operating Contingency	200,000	200,000	-	200,000
Debt service	1,313,000	1,313,000	1,311,111	1,889
TOTAL EXPENDITURES	26,014,415	26,014,415	24,821,800	1,192,615
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,023,785)	(1,023,785)	(280,316)	743,469
OTHER FINANCING SOURCES (USES):				
Proceeds from capital lease	-	-	8,946	8,946
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,946	8,946
NET CHANGE IN FUND BALANCE	(1,023,785)	(1,023,785)	(271,370)	752,415
FUND BALANCE, July 1, 2016	1,100,000	1,100,000	2,164,228	1,064,228
FUND BALANCE, June 30, 2017	$ 76,215	$ 76,215	$ 1,892,858	$ 1,816,643

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2017

	Budget			Variance with Final Budget Positive
	Adopted	Final	Actual	(Negative)
REVENUES				
Local sources:				
Construction Excise Taxes	$ 150,000	$ 150,000	$ 237,661	$ 87,661
Charges for services	739,000	739,000	735,884	(3,116)
Donations	52,690	52,690	73,405	20,715
Interest on investments	8,320	8,320	11,767	3,447
Miscellaneous	67,000	67,000	78,577	11,577
Intermediate sources:				
Miscellaneous	12,162	12,162	67,283	55,121
State sources:				
Basic school support	12,000	12,000	10,963	(1,037)
Intergovernmental	296,582	296,582	304,210	7,628
Federal sources:				
Intergovernmental	2,444,260	2,444,260	2,460,706	16,446
TOTAL REVENUES	3,782,014	3,782,014	3,980,456	198,442
EXPENDITURES				
Current:				
Instruction	1,553,150	1,793,150	1,663,547	129,603
Support services	709,452	889,452	849,781	39,671
Enterprise and community services	1,373,898	1,373,898	1,316,561	57,337
Facilities acquisition and construction	695,500	275,500	204,841	70,659
TOTAL EXPENDITURES	4,332,000	4,332,000	4,034,730	297,270
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(549,986)	(549,986)	(54,274)	495,712
NET CHANGE IN FUND BALANCE	(549,986)	(549,986)	(54,274)	495,712
FUND BALANCE, July 1, 2016	1,697,986	1,697,986	1,809,743	111,757
FUND BALANCE, June 30, 2017	$ 1,148,000	$ 1,148,000	$ 1,755,469	$ 607,469

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, 2017

	Budget			Variance with Final Budget Positive
	Adopted	Final	Actual	(Negative)
REVENUES				
Local sources:				
Property taxes	$ 1,771,000	$ 1,771,000	$ 1,820,845	$ 49,845
Interest on investments	2,000	2,000	9,589	7,589
TOTAL REVENUES	1,773,000	1,773,000	1,830,434	57,434
EXPENDITURES				
Debt service	1,770,000	1,770,000	1,769,164	836
TOTAL EXPENDITURES	1,770,000	1,770,000	1,769,164	836
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,000	3,000	61,270	58,270
NET CHANGE IN FUND BALANCE	3,000	3,000	61,270	58,270
FUND BALANCE, July 1, 2016	110,000	110,000	114,185	4,185
FUND BALANCE, June 30, 2017	$ 113,000	$ 113,000	$ 175,455	$ 62,455

SCHOOL DISTRICT FINANCIAL ACCOUNTING SUMMARIES

2016 -17 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	$8,099,266		$1,820,266				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax		$237,661					
1190 Penalties and Interest on Taxes	$2,650		$579				
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	$73,360	$11,767	$9,589				
1600 Food Service		$179,007					
1700 Extracurricular Activiies	$42,004	$556,877					
1800 Community Services Activities							
1910 Rentals	$3,970						
1920 Contributions and Donations From Private Sources		$73,405					
1930 Rental or Lease Payments From Private Contractors	$36,000						
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	$2,388	$9,680					
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	$36,471						
1990 Miscellaneous	$99,961	$68,897					
Total Revenue from Local Sources	$8,396,070	$1,137,294	$1,830,434	$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 Intemediate Sources		$8,913					
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District		$58,370					
Total Revenue from Intermediate Sources	$0	$67,283	$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	$15,776,012						
3102 State School Fund - School Lunch Match		$10,963					
3103 Common School Fund	$315,749						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	$20,775						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		$304,210					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	$16,112,536	$315,173	$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		$2,366,408					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	$19,428	$7,799					
4801 Federal Forest Fees	$13,450						
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		$86,499					
Total Revenue from Federal Sources	$32,878	$2,460,706	$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	$8,946						
5200 Interfund Transfers							
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	$2,164,228	$1,809,743	$114,185				
Total Revenue from Other Sources	$2,173,174	$1,809,743	$114,185	$0	$0	$0	$0
Grand Totals	$26,714,659	$5,790,198	$1,944,619	$0	$0	$0	$0

2016 - 17 DISTRICT AUDIT EXPENDITURE SUMMARY
Phoenix-Talent School District #4

Fund: 100 General Fund

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	$3,823,718	$2,401,543	$1,075,267	$181,544	$164,129		$1,235	
1113 Elementary Extracurricular	$0							
1121 Middle/Junior High Programs	$2,236,938	$1,470,536	$660,137	$64,516	$41,346		$403	
1122 Middle/Junior High School Extracurricular	$111,806	$83,612	$15,111	$2,597	$2,743		$7,742	
1131 High School Programs	$2,758,571	$1,795,039	$814,920	$91,714	$51,754		$5,144	
1132 High School Extracurricular	$384,114	$238,743	$40,906	$51,551	$20,032		$32,882	
1140 Pre-Kindergarten Programs	$0							
1210 Programs for the Talented and Gifted	$5,235			$2,120	$441		$2,674	
1220 Restrictive Programs for Students with Disabilities	$0							
1250 Less Restrictive Programs for Students with Disabilities	$2,432,242	$1,320,047	$786,151	$298,797	$27,247			
1260 Treatment and Habilitation	$46,362			$46,362				
1271 Remediation	$0							
1272 Title I	$0							
1280 Alternative Education	$781,454			$781,454				
1291 English Second Language Programs	$1,592,553	$1,075,034	$503,167	$11,067	$3,285			
1292 Teen Parent Program	$0							
1293 Migrant Education	$19,428	$12,219	$2,219	$3,434	$1,556			
1294 Youth Corrections Education	$0							
1299 Other Programs	$3,993	$3,093	$729	$111	$60			
1300 Adult/Continuing Education Programs	$0							
1400 Summer School Programs	$0							
Total Instruction Expenditures	$14,196,414	$8,399,866	$3,898,606	$1,535,268	$312,594	$0	$50,080	$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	$204,835	$89,267	$53,900	$59,953	$1,714			
2120 Guidance Services	$399,970	$238,425	$127,653	$30,233	$3,579		$80	
2130 Health Services	$65,175			$65,175				
2140 Psychological Services	$35,544			$34,288	$1,256			
2150 Speech Pathology and Audiology Services	$208,278	$70,316	$31,261	$105,790	$341		$570	
2160 Other Student Treatment Services	$0							
2190 Service Direction, Student Support Services	$136,293	$88,895	$42,274	$3,520	$910		$694	
2210 Improvement of Instruction Services	$121,038	$76,967	$27,072	$2,593	$14,405			
2220 Educational Media Services	$283,780	$136,122	$112,664	$9,269	$25,726			
2230 Assessment & Testing	$4,355	$1,256	$102		$2,997			
2240 Instructional Staff Development	$26,384	$212	$51	$26,120				
2310 Board of Education Services	$57,866	$19,830	$8,631	$11,962	$3,972		$13,470	
2320 Executive Administration Services	$198,476	$144,532	$41,993	$2,903	$7,389		$1,660	
2410 Office of the Principal Services	$1,920,550	$1,193,403	$582,967	$95,497	$41,977		$6,705	
2490 Other Support Services - School Administration	$30,436		$520	$1,365	$28,526		$25	
2510 Direction of Business Support Services	$0							
2520 Fiscal Services	$586,663	$216,388	$100,178	$53,078	$1,996		$215,023	
2540 Operation and Maintenance of Plant Services	$2,278,059	$741,129	$467,876	$877,131	$178,717	$8,946	$4,260	
2550 Student Transportation Services	$1,665,903	$3,041	$1,399	$1,661,464				
2570 Internal Services	$14,308			$14,308				
2610 Direction of Central Support Services	$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	$0							
2630 Information Services	$17,568	$8,590	$1,675	$7,086	$217			
2640 Staff Services	$206,307	$132,627	$49,230	$21,954	$1,201		$1,295	
2660 Technology Services	$421,868	$196,584	$110,024	$47,184	$67,978		$99	
2670 Records Management Services	$0							
2690 Other Support Services - Central	$16		$16					
2700 Supplemental Retirement Program	$430,603	$340,872	$89,731					
Total Support Services Expenditures	$9,314,275	$3,698,455	$1,849,218	$3,130,873	$382,902	$8,946	$243,881	$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	$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	$1,311,111						$1,311,111	
5200 Transfers of Funds	$0							
5300 Apportionment of Funds by ESD	$0							
5400 PERS UAL Bond Lump Sum	$0							
Total Other Uses Expenditures	$1,311,111	$0	$0	$0	$0	$0	$1,311,111	$0
Grand Total	$24,821,800	$12,098,321	$5,747,824	$4,666,142	$695,496	$8,946	$1,605,072	$0

2016 - 17 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	$25,137			$388	$24,749			
1113 Elementary Extracurricular	$120,432	$23,116	$4,008	$8,861	$84,447			
1121 Middle/Junior High Programs	$4,988			$3,420	$1,568			
1122 Middle/Junior High School Extracurricular	$69,089				$69,089			
1131 High School Programs	$46,928	$7,601	$4,296	$5,664	$29,368			
1132 High School Extracurricular	$362,399				$362,399			
1140 Pre-Kindergarten Programs	$0							
1210 Programs for the Talented and Gifted	$15,000			$15,000				
1220 Restrictive Programs for Students with Disabilities	$0							
1250 Less Restrictive Programs for Students with Disabilities	$262,760	$148,479	$99,341	$6,103	$1,631	$7,205		
1260 Treatment and Habilitation	$4,619			$4,619				
1271 Remediation	$48,371	$17,299	$3,197	$3,161	$24,714			
1272 Title I	$692,035	$390,099	$209,119		$92,818			
1280 Alternative Education	$8,629			$8,629				
1291 English Second Language Programs	$3,160				$3,160			
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	$1,663,547	$586,593	$319,960	$55,845	$693,943	$7,205	$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	$5,012			$5,000	$12			
2120 Guidance Services	$0							
2130 Health Services	$0							
2140 Psychological Services	$0							
2150 Speech Pathology and Audiology Services	$102,688	$71,186	$31,357		$146			
2160 Other Student Treatment Services	$0							
2190 Service Direction, Student Support Services	$14,673	$8,940	$5,733					
2210 Improvement of Instruction Services	$29,136	$17,604	$8,988	$2,545				
2220 Educational Media Services	$0							
2230 Assessment & Testing	$2,410				$2,410			
2240 Instructional Staff Development	$419,399	$153,598	$57,391	$164,485	$43,900		$25	
2310 Board of Education Services	$0							
2320 Executive Administration Services	$0							
2410 Office of the Principal Services	$0							
2490 Other Support Services - School Administration	$43,878	$24,068	$5,719	$13,906	$72		$113	
2510 Direction of Business Support Services	$14,580			$14,580				
2520 Fiscal Services	$125,200			$88,488			$36,712	
2540 Operation and Maintenance of Plant Services	$92,804			$7,262	$7,675	$77,866		
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	$849,781	$275,394	$109,188	$296,266	$54,216	$77,866	$36,850	$0

Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	$1,244,396	$9,317	$4,684	$1,207,932	$15,145		$7,319	
3200 Other Enterprise Services	$0							
3300 Community Services	$72,165	$21,546	$5,022	$38,022	$7,576			
3500 Custody and Care of Children Services	$0							
Total Enterprise and Community Services Expenditures	$1,316,561	$30,863	$9,706	$1,245,954	$22,720	$0	$7,319	$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	$204,841					$204,841		
4180 Other Capital Items	$0							
4190 Other Facilities Construction Services	$0							
Total Facilities Acquisition and Construction Expenditures	$204,841	$0	$0	$0	$0	$204,841	$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	$4,034,730	$892,850	$438,854	$1,598,065	$770,879	$289,913	$44,169	$0

2016 - 17 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	$1,769,164						$1,769,164	
5200 Transfers of Funds	$0							
5300 Apportionment of Funds by ESD	$0							
5400 PERS UAL Bond Lump Sum	$0							
Total Other Uses Expenditures	$1,769,164	$0	$0	$0	$0	$0	$1,769,164	$0
Grand Total	$1,769,164	$0	$0	$0	$0	$0	$1,769,164	$0

OREGON DEPARTMENT OF EDUCATION
225 Capitol Street NE
Salem Oregon 97310

Office of Finance and Administration
School Finance Unit

SUPPLEMENTAL INFORMATION, 2016-2017

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	$ 515,872
Function 2550	$ 0

B. Replacement of Equipment – **General Fund**:
Include all General Fund expenditures in object 542, except for the following exclusions:

$ 8,946

Exclude these functions:		Exclude these functions:	
1113, 1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

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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, Oregon, (the District) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 7, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures 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, one finding came to our attention in relation to the State school fund factors. When testing teacher experience, we noted five exceptions within a testing population of 13 teachers. More specifically, two samples reported additional years of experience than what could be verified through the employee's personnel file. The three remaining samples reported fewer years of experience than could be verified through the employee's personnel file. With the exception of the finding associated to the State school fund factors, 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 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

Restriction on Use

This report is intended solely for the information and use of the District's Board, Management of the District and the State of Oregon 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 7, 2017

Items required by the Uniform Guidance

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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, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2017, which contained and "Emphasis of Matter" paragraph regarding a change in accounting principal.

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 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.*

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.

Stewart C Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 7, 2017

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

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 Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2017. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on 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 its major federal program for the year ended June 30, 2017.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A s*ignificant 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stewart C Parmele CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 7, 2017

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant/Contrct Number	Passed Through to Sub-recipients	Federal Expenditures
U.S. Department of Agriculture					
Passed Through Oregon Department of Education:					
School Breakfast Program (SBP)	10.553		N/A	$ -	$ 188,472
National School Lunch Program (NSLP)	10.555		N/A	-	656,618
Commodities NSLP	10.555		N/A	-	86,499
Summer Food Service Program for Children (SFSPC)	10.559		N/A	-	31,048
Total Child Nutrition Cluster				-	962,637
Child and Adult Care Food Program	10.558		N/A	-	30,262
Total CFDA 10.558				-	30,262
Fresh Fruit and Vegetable Program	10.582		38634, 43012	-	24,113
Total CFDA 10.582				-	24,113
Passed through Southern Oregon Education Service District:					
Schools and Roads - Grants to States	10.665		N/A	-	13,450
Total CFDA 10.665				-	13,450
	Total U.S. Department of Agriculture			**$ -**	**$ 1,030,461**
U.S. Department of Education					
Passed Through Oregon Department of Education:					
Title I Grants to Local Educational Agencies (14-15)	84.010		32658	$ -	$ 832
Title I Grants to Local Educational Agencies (15-16)	84.010		36049	-	215,866
Title I Grants to Local Educational Agencies (16-17)	84.010		41133	-	703,557
Total CFDA 84.010				-	920,255
Passed through Southern Oregon Education Service District:					
Migrant Education - State Grant Program	84.011		N/A	-	19,428
Total CFDA 84.011				-	19,428
Passed Through Oregon Department of Education:					
Special Education - Grants to States (Extended Assessment)	84.027		42001	-	900
Special Education - Grants to States (SPR & I 16-17)	84.027		40927	-	3,394
Special Education - Grants to States (15-16)	84.027		36944	-	248,551
Special Education - Grants to States (16-17)	84.027		41599	-	119,015
Special Education - Grants to States (Enhancement 16-17)	84.027		42728	-	2,652
Special Education - Grants to States (Post School Outcomes)	84.027		42907	-	315
Special Education - Preschool Grants (15-16)	84.173		37236	-	4,619
Total Special Education Cluster (IDEA)				-	379,446
Passed through Southern Oregon Education Service District:					
Career and Technical Education - Basid Grants to States	84.048		N/A	-	7,799
Total CFDA 84.048				-	7,799
Passed Through Oregon Department of Education:					
English Language Acquisition State Grants (14-15)	84.365		32356	-	929
English Language Acquisition State Grants (15-16)	84.365		36355	-	9,095
English Language Acquisition State Grants (16-17)	84.365		41791	-	27,895
Total CFDA 84.365				-	37,919
Improving Effective Instruction State Grant (15-16)	84.367		36246	-	9,685
Improving Effective Instruction State Grant (16-17)	84.367		41388	-	88,591
Total CFDA 84.367				-	98,276
	Total U.S. Department of Education			**$ -**	**$ 1,463,123**
	Total Expenditures of Federal Awards			**$ -**	**$ 2,493,584**

JACKSON COUNTY SCHOOL DISTRICT NO. 4
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE:

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JACKSON COUNTY SCHOOL DISTRICT NO. 4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the District.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance for the major federal award programs for the District expressed an unmodified opinion.

6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance reported in this schedule.

7. The programs tested as major programs include:
   U.S. Department of Education:

   Title I Grants to Local Education Agencies (Title I, Part A) CFDA # 84.010

8. The threshold for distinguishing Types A and B Programs was $750,000.

9. The district qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

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Appendix C

Book Entry Only System

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SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[**6**. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[**9.** A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

$48,101,046.05
($103,370,000 Maturity Amount)
Phoenix-Talent School District No. 4
Jackson County, Oregon
General Obligation Bonds
Series 2018A
(Tax-Exempt Deferred Interest Bonds)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the Phoenix-Talent School District No. 4 located in Jackson County, Oregon (the "Issuer") in connection with the issuance of the Issuer's General Obligation Bonds, Series 2018A (Tax-Exempt Deferred Interest Bonds) (the "Securities").

Section 1. Purpose of Certificate. This Certificate constitutes the Issuer's written undertaking for the benefit of the holders of the Securities and to assist the underwriter of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the "Rule").

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

"Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

"Commission" means the United States Securities and Exchange Commission.

"MSRB" means the United States Municipal Securities Rulemaking Board or any successor to its functions.

"Official Statement" means the final official statement for the Securities dated March 6, 2018.

"Rule" means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer agrees to provide or cause to be provided to the MSRB, the Issuer's latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement under the heading "Appendix B – Financial Statements."

To the extent not included in its annual financial statements and for the same period as such annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing:

1. the total real market value and total assessed value of taxable property within the Issuer's boundaries (as indicated in the records of the county assessor), or other statement of property valuation that reflects then current Oregon statutes pertaining to property valuation;

2. the amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year;

3. the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year;

4. the major taxpayers for Jackson County as presented in the Official Statement; and

5. ADMw, or successor measurement of student enrollment that determines funding level, if any.

Section 4. Timing. The information described in the preceding paragraph shall be provided on or before nine months after the end of the Issuer's fiscal year, commencing with information for the fiscal year ended June 30, 2018. The annual financial statements described in the preceding paragraph will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If audited financial statements are not then provided, the Issuer shall provide them to the MSRB when they are available. The Issuer's current fiscal year ends June 30. The Issuer may adjust this fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing this annual financial information separately, the Issuer may cross-reference to other documents provided to the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 on or prior to the date set forth in the preceding paragraph.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Security;

7. Modifications to the rights of Security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 6. Termination. The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 7. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, provided that the following conditions are satisfied:

A. If the amendment relates to the provisions of Sections 3 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Securities, or the type of business conducted; and,

B. If this Certificate, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment either (i) is approved by the owners of the Securities pursuant to the terms of the Resolution as it is in effect at the time of the amendment or (ii) does not materially impair the interests of the owners or Beneficial Owners of the Securities as determined by a party unaffiliated with the Issuer.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Securities Owner's Remedies Under This Certificate. The right of any holder of Securities or Beneficial Owner of Securities to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder, and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the obligations hereunder.

Section 9. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The

Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 12. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 20th day of March, 2018.

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

____
Authorized Representative

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

$19,895,000
Phoenix-Talent School District No. 4
Jackson County, Oregon
General Obligation Bonds
Series 2018B
(Tax-Exempt Current Interest Bonds)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the Phoenix-Talent School District No. 4 located in Jackson County, Oregon (the "Issuer") in connection with the issuance of the Issuer's General Obligation Bonds, Series 2018B (Tax-Exempt Current Interest Bonds) (the "Securities").

Section 1. Purpose of Certificate. This Certificate constitutes the Issuer's written undertaking for the benefit of the holders of the Securities and to assist the underwriter of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the "Rule").

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

"Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

"Commission" means the United States Securities and Exchange Commission.

"MSRB" means the United States Municipal Securities Rulemaking Board or any successor to its functions.

"Official Statement" means the final official statement for the Securities dated March 6, 2018.

"Rule" means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer agrees to provide or cause to be provided to the MSRB, the Issuer's latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement under the heading "Appendix B – Financial Statements."

To the extent not included in its annual financial statements and for the same period as such annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing:

1. the total real market value and total assessed value of taxable property within the Issuer's boundaries (as indicated in the records of the county assessor), or other statement of property valuation that reflects then current Oregon statutes pertaining to property valuation;

2. the amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year;

3. the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year;

4. the major taxpayers for Jackson County as presented in the Official Statement; and

5. ADMw, or successor measurement of student enrollment that determines funding level, if any.

Section 4. Timing. The information described in the preceding paragraph shall be provided on or before nine months after the end of the Issuer's fiscal year, commencing with information for the fiscal year ended June 30, 2018. The annual financial statements described in the preceding paragraph will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If audited financial statements are not then provided, the Issuer shall provide them to the MSRB when they are available. The Issuer's current fiscal year ends June 30. The Issuer may adjust this fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing this annual financial information separately, the Issuer may cross-reference to other documents provided to the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 on or prior to the date set forth in the preceding paragraph.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Security;

7. Modifications to the rights of Security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 6. Termination. The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 7. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, provided that the following conditions are satisfied:

A. If the amendment relates to the provisions of Sections 3 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Securities, or the type of business conducted; and,

B. If this Certificate, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment either (i) is approved by the owners of the Securities pursuant to the terms of the Resolution as it is in effect at the time of the amendment or (ii) does not materially impair the interests of the owners or Beneficial Owners of the Securities as determined by a party unaffiliated with the Issuer.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Securities Owner's Remedies Under This Certificate. The right of any holder of Securities or Beneficial Owner of Securities to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder, and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the obligations hereunder.

Section 9. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The

Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 12. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 20th day of March, 2018.

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

____
Authorized Representative

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Appendix E

State of Oregon Master Disclosure Certificate

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MASTER DISCLOSURE CERTIFICATE

This Master Disclosure Certificate (the "Certificate"), dated November 27, 2017, is executed and delivered by the State of Oregon, acting by and through its State Treasurer (the "State") in connection with implementation of the Oregon School Bond Guaranty Act (the “Act”) by which the timely payment of principal and interest on certain general obligation bonds (the “Guaranteed Bonds”) issued from time to time by Oregon school districts is guaranteed by the State pursuant to the provisions of the Act (the “Oregon School Bond Guaranty Program”).

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the State for the benefit of registered and beneficial holders of Guaranteed Bonds and to assist Underwriters of such Guaranteed Bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12), as amended (the "Rule").

Section 2. Comprehensive Annual Financial Report. The State hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB") through its EMMA (“Electronic Municipal Market Access”) site, the Comprehensive Annual Financial Report (the “CAFR”) of the State of Oregon for the prior fiscal year. The CAFR will be available no later than 9 months after the end of the State’s fiscal year (presently June 30), beginning with the fiscal year ended June 30, 2010. The CAFR will include audited financial statements of the State prepared in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time; provided, however, that if the CAFR is not available within 9 months after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available. The CAFR may be provided by way of cross-reference to other documents previously provided to the MSRB. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the MSRB EMMA site.

Section 3. Material Events. Subject to limitations of Section 8 below, the State agrees to provide or cause to be provided, in a timely manner, to the MSRB, within ten business days after the occurrence of the event, notice of the occurrence of the following events but only with respect to its guaranty of any Guaranteed Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax-exempt status of the Guaranteed Bonds, or any other material events affecting the tax status of the Guaranteed Bonds;

(g) modifications to rights of holders of the Guaranteed Bonds, if material;

(h) bond calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution, or sale of property securing repayment of the Guaranteed Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or other similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

(m) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material and;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Notice of events listed in (h) and (i) above need not be given any earlier than notice of the underlying event, if any, is required to be given to registered or beneficial owners of affected Guaranteed Bonds. The State may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the State, such other event is material with respect to the Guaranteed Bonds, but the State does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File CAFR. The State agrees to provide or cause to be provided, in a timely manner to the MSRB notice of a failure by the State to provide the CAFR on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The State may, from time to time, engage or appoint an agent to assist the State in disseminating information hereunder (the "Dissemination Agent"). The State may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the State's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the State no longer remains an obligated person with respect to the Guaranteed Bonds which shall occur upon either redemption in full of the Guaranteed Bonds, or legal defeasance of the Guaranteed Bonds. In addition, and notwithstanding the provisions of Section 9 below, the State may rescind its obligations under this Master Disclosure Certificate, in whole or in part, if those portions of the Rule that required the execution and delivery of this Master Disclosure Certificate are repealed or are declared invalid by a court of competent jurisdiction.

Section 7. Enforceability and Remedies. The State agrees that this Master Disclosure Certificate is intended to be for the benefit of registered and beneficial holders of the Guaranteed Bonds and shall be enforceable by or on behalf of any such holder; provided that, the right of any holder to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Guaranteed Bonds. Any failure by the State to comply with the provisions of this undertaking shall not be a default under the Act or under the documents pursuant to which any Guaranteed Bonds are issued. This Master Disclosure Certificate confers no rights on any person or entity other than the State, holders of the Guaranteed Bonds, and any Dissemination Agent.

Section 8. Limitation on Scope of Undertaking. Notwithstanding anything expressed or implied to the contrary herein, the State makes no undertaking to provide financial information, operating data or material events disclosure on behalf of or with respect to Oregon school districts participating in the Oregon School Bond Guaranty Program. Any such information will be provided according to the terms of separate continuing disclosure undertakings executed and delivered by such school districts. The State is not responsible for the adequacy, accuracy or timeliness of such information, and any failure by a school district to comply with its undertaking shall not constitute a breach by the State under this Master Disclosure Certificate. The State shall provide only the CAFR and material events disclosure relating to the State's guaranty of Guaranteed Bonds.

Section 9. Amendment. Notwithstanding any other provision of this Master Disclosure Certificate, the State may amend this Master Disclosure Certificate without the consent of holders of the Guaranteed Bonds under the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This Master Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interest of holders of the Guaranteed Bonds, as determined either by parties unaffiliated with the State (such as nationally recognized bond counsel), or by approving vote of holders representing at least sixty percent (60%) of the aggregate outstanding principal amount of the Guaranteed Bonds.

The State shall provide to the MSRB, notice of any amendment which changes the accounting principles followed by the State in preparation of its annual financial information. The initial annual financial information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

Section 10. Choice of Law. This Master Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Master Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Master Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

STATE OF OREGON

By: Larry C. Grotto
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Deputy Director, Debt Management Division

Date: November 27, 2017