

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SCHOOL OFFICIALS

JUNE 30, 2015

Chairman of the Board

Stan Sullivan
Warm Springs, Oregon

Board Members

Brad Holliday
Vice Chairman
Madras, Oregon

Lyle Rehwinkel
Madras, Oregon

Board Members

Tom Norton, Jr.
Madras, Oregon

Laurie Danzuka
Madras, Oregon

School Superintendent

Rick Molitor
Madras, Oregon

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities.....	13
Balance Sheet – Governmental Funds.....	14
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18-48
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress - Other Post-Employment Benefits	49
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	50
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	51
Schedule of the Proportionate Share of the Net Pension Liability (Asset)	52
Schedule of Contributions.....	53
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	55
Combining Schedule of Assets, Liabilities and Fund Balances - General Fund Sub-Funds.....	56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Sub-Funds	57
Combining Schedule of Assets, Liabilities and Fund Balances – Special Revenue Fund Sub-Funds	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Sub-Funds.....	59

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
OTHER FINANCIAL SCHEDULES	
Schedule of Future Maturities - Bond and Bond Interest.....	60
Property Tax Transactions - General Fund.....	61
Property Tax Transactions - Debt Service Fund.....	62
 SUPPLEMENTARY INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION	
Supplemental Information for Department of Education.....	63
Revenue Summary	64
General Fund Expenditure Summary	65
Special Revenue Funds Expenditure Summary	66
Debt Service Fund Expenditure Summary	67
Capital Projects Funds Expenditure Summary.....	68
 AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATION.....	
	69-70
 SINGLE AUDIT COMPLIANCE	
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.....	71-72
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	73-74
Schedule of Findings and Questioned Costs	75
Schedule of Expenditures of Federal Awards	76

INDEPENDENT AUDITOR'S REPORT



Board of Directors
School District 509J
Jefferson County, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the District's financial statements and, in our report dated October 8, 2014, we expressed opinions on the respective financial statements of the governmental activities and major funds.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress, the Budgetary Comparison Schedules – General and Special Revenue Fund, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedules – General and Special Revenue Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedules – General and Special Revenue Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Emphasis of a Matter

As discussed in Note 11 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27. As required by GASB No. 68, the District has restated the beginning net position at July 1, 2014 to reflect the net pension liability calculated actuarially as of June 30, 2014. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2015 on our consideration of the District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 16, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

October 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

As management of Jefferson County School District 509J, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the balance of information presented in this report.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2015 by \$8,786,506. Of this amount, \$14,073,268 represents the District's investment in capital assets net of debt service, \$718,668 is restricted for debt service, and \$49,885 is restricted with donor requirements leaving a deficit of \$6,055,315 in unrestricted.
- The District's total net position increased by \$6,842,832 from prior year ended June 30, 2014, as revised for comparison purposes for the adoption of *GASB No. 68 Accounting and Financial Reporting for Pensions*.
- The District's governmental funds reported combined ending fund balance of \$11,961,435 of which approximately \$3,098,036 is unassigned and available for spending at the District's discretion (page 14).
- At the end of the fiscal year, unassigned fund balance for the general fund on a budget basis was \$3,116,160, or about 10% of total general fund expenditures and transfers (page 14, 16).
- The District's total bonded debt decreased by \$1,579,735 during the 2014-15 fiscal year. The decrease was attributed to the payment of long term debt obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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

The District maintains 42 individual governmental funds for administrative purposes. These funds are combined into the following major funds:

- General Fund - includes various sub-funds.
- Special Revenue Fund – includes special revenue funds related to federal, state and local grants, food service and student activities.
- Debt Service Fund - includes General Obligation Bonds and Oregon School Boards Association (OSBA) State of Oregon Public Employees Retirement System (PERS) Bonds
- Capital Projects Fund – used to account for the District's construction activity

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

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	June 30,	
	2015	2014
Assets		
Current and other assets	\$ 20,958,506	\$ 24,883,220
Capital assets (net)	50,950,626	47,601,469
Total assets	71,909,132	72,484,689
Deferred Outflows	2,434,961	2,274,764
Liabilities		
Other liabilities	6,339,804	9,901,875
Long-term liabilities	48,288,570	50,546,915
Total liabilities	54,628,374	60,448,790
Deferred Inflows	10,929,213	114,591
Net Position		
Investment in capital assets, net of related debt	14,073,268	16,069,080
Restricted	768,553	953,995
Unrestricted	(6,055,315)	(15,079,401)
Total net position	\$ 8,786,506	\$ 1,943,674

Capital assets, which consist of the District's land, buildings, building improvement, vehicles, and equipment, represent 70.9% of total assets. The remaining assets consist primarily of investments, cash, receivables and prepaid pension cost.

The District's largest liabilities (88.6%) are for repayment of general obligation bonds and pension bonds.

A large portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents. Consequently, these assets are not available for future spending.

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

Statement of Activities. The following schedule compares the revenues and expenditures for the current and previous year. Due to the adoption of GASB 68, the Statement of Activities for 2014 has not been updated; therefore, the ending Net Position does not agree to the beginning balance in 2015. Further information about the adoption of GASB 68 can be found in the Note 11 to the financial statements.

	Governmental Activities	
	2015	2014
REVENUES		
Program revenues		
Charges for services	\$ 924,295	\$ 832,688
Operating grants and contributions	6,198,408	5,887,523
Total program revenues	7,122,703	6,720,211
General revenues		
Property taxes levied for general purposes	3,856,841	3,764,555
Property taxes levied for debt service	2,379,261	2,830,437
County School Fund	44,930	42,376
State school fund general support	24,608,848	20,701,058
Common school fund	247,829	228,056
Unrestricted federal sources	2,257,493	1,675,343
Gain (loss) on sale of capital assets	(1,697,979)	1,302
Earnings on investments	101,061	221,182
Miscellaneous	189,792	214,356
Total general revenues	31,988,076	29,678,665
Total revenues	\$ 39,110,779	\$ 36,398,876
EXPENSES		
Instruction	\$ 16,325,987	\$ 18,942,817
Support services	11,530,085	13,492,292
Community services	2,001,270	2,236,834
Facilities acquisition and construction	550,757	248,689
Interest on long-term debt	1,859,850	1,913,884
Total expenses	32,267,949	36,834,516
Change in net assets	6,842,832	(435,640)
Net position - beginning (as restated)	1,943,674	23,047,167
Net position - ending	\$ 8,786,506	\$ 22,611,527

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2015 the District's governmental funds reported combined ending fund balances of \$11,961,435. Approximately \$3,098,306 constitutes unassigned ending fund balance, which is available for spending at the District's discretion.

Summary of ending fund balances for the governmental funds for 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
General Fund	\$ 11,008,658	\$ 9,886,981	\$ 1,121,677
Special Revenue Funds	234,109	165,520	68,589
Debt Service Fund	718,668	848,110	(129,442)
Capital Projects Fund		7,281,508	(7,281,508)
	<u>\$ 11,961,435</u>	<u>\$ 18,182,119</u>	<u>\$ (6,220,684)</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The School Board approved changes to the adopted budget for fiscal year ended June 30, 2015. The approved changes to the adopted budget are reflected in the fund financial statements. The budget is adopted by the Board at the functional level.

The final budget for General Fund expenditures exceeded actual expenditures by \$1,058,422 of which \$889,425 is for instruction, and \$168,997 is for support services and community services.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. During the year the District's net investment in capital assets increased by \$3,349,157. The increases are attributed to expenses incurred for construction in progress for the WS K-8 building, the performing arts center and various building improvements. The summary of net investment in capital assets is as follows:

	Net Value	
	<u>2015</u>	<u>2014</u>
Land	\$ 2,614,251	\$ 2,614,251
Construction in progress	106,235	21,070,178
Buildings and improvements	46,894,161	22,749,318
Vehicles and equipment	<u>1,335,979</u>	<u>1,167,722</u>
Total capital assets	<u>\$ 50,950,626</u>	<u>\$ 47,601,469</u>

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

Long-term liability. At the end of the fiscal year the District had \$47,444,955 in long-term debt, consisting of general obligation bonds for the construction of a K-8 school in Warm Spring, for the construction of the performing arts center and improvements to various District properties and pension obligation bonds to satisfy unfunded liability for employee retirement obligations and early retirement benefits payable.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The most significant economic factor for the District is the Oregon State School Fund. For the year ended June 30, 2015 the State School Fund provided 58.1% of the revenue for the governmental funds and 74.3% of the funding for the general fund.
- Salaries and benefits costs are expected to increase in fiscal year 2015-2016 based on contractual obligations.
- The District's enrollment is expected to remain flat over fiscal year 2014-2015.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

- The District received a three-year school improvement grant for the Warm Spring K-8 Academy in fiscal year 2014-2015. The grant will provide over \$1,600,000 in funding during that period.

These factors were considered by the District Board and Budget Committee in preparing the Jefferson County School District 509-J budget for the 2015-2016 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to present the user with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Chief Financial Officer at 445 S.E. Buff Street, Madras, Oregon 97741.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS	
Cash and investments	\$ 13,631,345
Receivables	1,817,154
Inventory	67,739
Prepaid expense	
Capital assets, net of accumulated depreciation	
Land	2,614,251
Construction in progress	106,234
Buildings and improvements	46,894,163
Vehicles and equipment	1,335,978
Net pension asset	<u>5,442,268</u>
TOTAL ASSETS	<u>71,909,132</u>
DEFERRED OUTFLOWS	
Pension contributions made after measurement date	<u>2,434,961</u>
TOTAL DEFERRED OUTFLOWS	<u>2,434,961</u>
LIABILITIES	
Accounts payable	355,795
Accrued salaries and benefits	1,938,856
Retainage payable	
Accrued interest payable	1,472,494
Deposits	3,474
Noncurrent liabilities due within one year	
State school fund overpayment	804,661
Early retirement benefits payable	101,919
Bonds payable	1,662,605
Noncurrent liabilities due within more than one year	
State school fund overpayment	965,696
Early retirement benefits payable	192,827
Accrued compensated absences payable	86,304
Other postemployment benefit obligation	1,261,394
Bonds payable, net of unamortized premium/discount	45,782,349
Net pension liability	<u>54,628,374</u>
TOTAL LIABILITIES	<u>54,628,374</u>
DEFERRED INFLOWS	
Debt refunding proceeds	18,574
Pension related	10,851,536
Unearned revenue	<u>59,103</u>
TOTAL DEFERRED INFLOWS	<u>10,929,213</u>
NET POSITION	
Net investment in capital assets	14,073,268
Restricted for:	
Construction projects	
Debt service	718,668
Federal and state grants	40,000
Unrestricted	<u>(6,045,430)</u>
TOTAL NET POSITION	<u><u>\$ 8,786,506</u></u>

See notes to financial statements

SCHOOL DISTRICT 509J
Jefferson County, Oregon

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	2015
Governmental activities:				
Instruction				
Regular programs	\$ 11,737,528	\$ 551,183	\$ 365,270	\$ (10,821,075)
Special programs	4,577,808		1,574,647	(3,003,161)
Summer school programs	10,651		14,749	4,098
Total direct classroom services	<u>16,325,987</u>	<u>551,183</u>	<u>1,954,666</u>	<u>(13,820,138)</u>
Support Services				
Student support services	1,315,106	72,050	401,466	(841,590)
Instructional staff support	1,683,811		1,309,669	(374,142)
General administration	395,757			(395,757)
School administration	1,901,416		147,568	(1,753,848)
Business support services	4,935,407	129,961	101,511	(4,703,935)
Central activities	1,176,292	67,702	212,177	(896,413)
Supplemental retirement program	122,296			(122,296)
Total support services	<u>11,530,085</u>	<u>269,713</u>	<u>2,172,391</u>	<u>(9,087,981)</u>
Enterprise and Community Services				
Food service	1,817,755	64,795	1,851,027	98,067
Community services	116,425	2,500	90,673	(23,252)
Children and family services	67,090	36,104	12,545	(18,441)
Total enterprise and community services	<u>2,001,270</u>	<u>103,399</u>	<u>1,954,245</u>	<u>56,374</u>
Facilities Acquisition and Construction				
Building construction planning	550,757		117,106	(433,651)
Interest on long-term debt				
	1,859,850			(1,859,850)
Total governmental activities	<u>\$ 32,267,949</u>	<u>\$ 924,295</u>	<u>\$ 6,198,408</u>	<u>(25,145,246)</u>
General revenues:				
Property taxes levied for general purposes				3,856,841
Property taxes levied for debt service				2,379,261
County School Fund				44,930
State school fund - general support				24,608,848
Schools and Roads - grants to counties (federal forest receipts)				91,835
Common school fund				247,829
Impact Aid				2,165,658
Federal flood control				(1,697,979)
Gain (loss) on sale of capital assets				101,061
Earnings on investments				189,794
Miscellaneous				189,794
Total general revenues				<u>31,988,078</u>
CHANGE IN NET POSITION				6,842,832
Net Position - beginning, as restated				<u>1,943,674</u>
Net Postion - ending				<u>\$ 8,786,506</u>

See notes to financial statements

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

ASSETS	General	Special Revenues	Debt Service	Capital Projects	Totals	
					2015	2014
Cash and investments	\$ 12,640,050	\$ 295,695	\$ 695,600	\$	\$ 13,631,345	\$ 22,798,626
Receivables						
Property taxes	267,084		180,809		447,893	546,758
Other	354,649		874		355,523	377,159
Reimbursement claims		1,013,738			1,013,738	1,025,240
Due from other funds	670,433				670,433	759,009
Prepaid expenditures						
Inventory		67,739			67,739	100,685
Total assets	\$ 13,932,216	\$ 1,377,172	\$ 877,283	\$	\$ 16,186,671	\$ 25,607,477
LIABILITIES						
Liabilities						
Accounts payable	\$ 243,263	\$ 112,532	\$	\$	\$ 355,795	\$ 3,313,340
Accrued payroll liability	1,635,364	303,492			1,938,856	1,793,538
Retainage payable						378,778
Other liabilities	804,661				804,661	660,000
Deposits	750	2,724			3,474	7,383
Due to other funds		670,433			670,433	759,009
Total liabilities	2,684,038	1,089,181			3,773,219	6,912,048
DEFERRED INFLOWS						
Unavailable property taxes	234,299		158,615		392,914	
Unearned revenue	5,221	53,882			59,103	513,310
Total deferred inflows	239,520	53,882	158,615		452,017	513,310
FUND BALANCES						
Fund balances						
Nonspendable:						
Inventory		67,739			67,739	100,685
Restricted for:						
Federal programs						
State and local grants and donations						2,401
Debt service			718,668		718,668	848,110
Committed to:						
2013 GO Bond Construction						7,281,508
Bus replacement	805,669				805,669	186,031
Equipment replacement	317,463				317,463	102,888
Maintenance projects	904,365				904,365	239,613
Performing arts center fund	32,322				32,322	
Stabilization of general fund	2,213,746				2,213,746	2,215,908
Technology replacement fund	73,927				73,927	
Textbook replacement plan fund	38,331				38,331	
Warm Springs housing	65,848				65,848	46,701
Warm Springs facility	426,334				426,334	426,334
Student activities		184,224			184,224	149,963
Assigned for:						
Onsite child care		9,885			9,885	
Appropriated ending fund balance	3,014,493				3,014,493	2,620,306
Unassigned	3,116,160	(27,739)			3,088,421	3,961,671
Total fund balances	11,008,658	234,109	718,668		11,961,435	18,182,119
Total liabilities, deferred inflows and fund balances	\$ 13,932,216	\$ 1,377,172	\$ 877,283	\$	\$ 16,186,671	\$ 25,607,477

See notes to financial statements

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2015

TOTAL FUND BALANCES (Page 13)		\$ 11,961,435
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital Assets	\$ 73,882,723	
Construction in Progress	106,234	
Accumulated Depreciation	<u>(23,038,331)</u>	50,950,626
Net pension asset is not a financial resource and therefore is not reported in the governmental funds.		
		5,442,268
A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		392,914
Current liabilities not payable in the current year are not reported as governmental fund liabilities:		
Anticipated reduction in state school fund		(965,696)
Deferred inflows and outflows of resources do not provide or use current financial resources and therefore are not included in the governmental funds:		
Pension contributions made after measurement date	2,434,961	
Debt refunding proceeds	(18,574)	
Changes in actuarial assumptions and other items related to pensions	<u>(10,851,536)</u>	(8,435,149)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. These liabilities consisted of:		
Accrued interest payable	(1,472,494)	
Bonds payable	(44,124,732)	
Plus: Unamortized portion of bond issuance premium (amortized over life of debt)	(3,320,222)	
Compensated absences payable	(86,304)	
Early retirement benefits payable	(294,746)	
Other postemployment benefits obligation	<u>(1,261,394)</u>	<u>(50,559,892)</u>
TOTAL NET POSITION (Page 12)		<u><u>\$ 8,786,506</u></u>

See notes to financial statements

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Totals	
					2015	2014
Revenues						
Local Sources						
Property taxes	\$ 3,877,383	\$	\$ 2,386,193	\$	\$ 6,263,576	\$ 6,671,738
Investment earnings	74,839		13,963	12,461	101,263	221,181
Admissions	19,268				19,268	16,636
Other local sources	1,626,884	512,041		112,106	2,251,031	2,055,445
Intermediate sources	116,740	24,870			141,610	317,652
State sources	24,157,598	787,183			24,944,781	20,573,527
Federal sources	2,333,185	5,064,305			7,397,490	7,040,767
Total revenues	32,205,897	6,388,399	2,400,156	124,567	41,119,019	36,896,946
Expenditures						
Current						
Instruction	17,253,418	2,180,180			19,433,598	18,189,119
Support services	12,065,005	2,100,728			14,165,733	13,704,434
Enterprise and community services	49,331	2,275,922			2,325,253	2,246,198
Building acquisition and construction				845,557	845,557	1,286,257
Capital outlay	320,508	11,845		6,831,023	7,163,376	19,293,407
Debt service						
Principal			1,328,630		1,328,630	1,239,683
Interest			2,176,420		2,176,420	2,162,883
Total expenditures	29,688,262	6,568,675	3,505,050	7,676,580	47,438,567	58,121,981
Excess (deficiency) of revenues over (under) expenditures	2,517,635	(180,276)	(1,104,894)	(7,552,013)	(6,319,548)	(21,225,035)
Other financing sources (uses)						
Operating transfers in		255,457	975,452	270,505	1,501,414	1,213,768
Operating transfers out	(1,494,822)	(6,592)			(1,501,414)	(1,213,768)
Bond Proceeds						10,740,000
Premium on bond proceeds						660,940
Gain on sale of capital assets	98,864				98,864	1,302
Total other financing sources and (uses)	(1,395,958)	248,865	975,452	270,505	98,864	11,402,242
Net change in fund balances	1,121,677	68,589	(129,442)	(7,281,508)	(6,220,684)	(9,822,793)
Fund balances - beginning of year	9,886,981	165,520	848,110	7,281,508	18,182,119	28,004,912
Fund balances - end of year	\$ 11,008,658	\$ 234,109	\$ 718,668	\$	\$ 11,961,435	\$ 18,182,119

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES (Page 16)	\$	(6,220,684)
<p>Amounts reported for governmental activities in the <i>Statement of Activities</i> are different because:</p>		
<p>Governmental funds report revenue when available and measurable. In the Statement of Activities it is not required that revenues be collected in time to settle current liabilities. Following are revenues recorded differently in government funds than are reported in the Statement of Activities:</p>		
Anticipated adjustment to State school fund	660,000	
Pension income	<u>7,003,327</u>	7,663,327
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.</p>		
Expenditures for capital assets and construction in progress	7,458,176	
Disposal of capital assets, net of accumulated depreciation	(1,796,843)	
Less current year depreciation	<u>(1,835,607)</u>	3,825,727
<p>Long-term debt proceeds are reported as other financing sources in governmental funds in the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the in the liability Statement of Net Assets. This is the amount by which repayments exceeded proceeds:</p>		
Debt principal repaid		<u>1,328,630</u>
<p>Early retirement benefits, compensated absences and other postemployment benefits are recognized as expenditures in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expenditure when incurred.</p>		
Early retirement benefits	2,314	
Accrued compensated absences	5,570	
Other postemployment benefits	<u>(51,318)</u>	(43,434)
<p>Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:</p>		
Amortization of premium/(discount)	251,105	
Amortization of debt refunding	<u>3,095</u>	254,200
<p>In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.</p>		
		62,370
<p>In the Statement of Activities, expenses are accrued as incurred, whereas in the governmental funds it is recorded as an expense when paid.</p>		
Prepaid expenses	(34,750)	
State school fund accrual	<u>34,919</u>	169
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.</p>		
		<u>(27,473)</u>
CHANGE IN NET POSITION (Page 13)	\$	<u>6,842,832</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Jefferson County School District No. 509J (District), a political subdivision of the State of Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 in 1962, and provides education services to children from grades K - 12 located in Madras and surrounding areas including Metolius, the Warm Springs Indian Reservation and Big Muddy Ranch. The District has one high school, one middle school, one K-8 school and six elementary schools with an approximate total enrollment of 2,900 students. The District is governed by a separately elected five-member Board of Directors who approve administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the financial statements.

The accompanying financial statements present the governmental unit, Jefferson County School District No. 509J, Jefferson County, Oregon. The District qualifies as a primary government because it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and service districts which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these financial statements.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Governmental activities are financed primarily through property taxes and intergovernmental revenues. The District has neither business-type activities nor fiduciary-type activities.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Statement of Activities presents a comparison between direct expenses and the program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double-counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rental, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions. The government-wide statement of net position reports \$758,668 of restricted net position, of which \$718,668 is restricted by enabling legislation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures only to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt or capital leases are reported as other financing sources.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The District reports the following major governmental funds:

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

The Special Revenue Fund accounts for revenues derived from federal, state and local grants and student activity funds which are either legally restricted or committed by the Board to finance particular functions or activities. Principal revenue sources are federal state and local grants and student activity fees.

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

The Capital Projects Fund provides for the construction of capital assets by the District. Principal resources are general obligation bond proceeds.

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

Deposits and Investments

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

The Oregon State Treasury administers the LGIP. The pool is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The 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.

Receivables and Payables

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

Property taxes are assessed on a July 1 - June 30 fiscal year. The taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. The County Assessor is the tax collection agent for all taxing entities within the County.

Property tax receivables are shown net of an allowance for uncollectible taxes. No allowance is considered necessary for the year ended June 30, 2015.

Tax revenue is considered received when in the hands of the county as the intermediary collecting agency. Taxes not paid timely are subject to interest penalties and the applicable property is subject to lien. All property taxes receivable are due from property owners within the District.

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal and state grants. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred inflows.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories

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

Prepaid Items

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

Capital Assets

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

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

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

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

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since sick pay does not vest. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Retirement Plans

Substantially all of the District's employees are participants in PERS. Contributions to PERS are made on a current basis as required by the plan and are charged to expenses/expenditures.

The Board adopted a tax-deferred annuity plan established pursuant to Section 403(b) of the Internal Revenue Code. The plan allows the employer to make employer matching contributions. Under the terms of union employment agreements, the District is required to make a maximum monthly matching contribution not to exceed \$10 per month for all participating employees except certified employees eligible for the early retirement benefit described below. Participating employees have the option to make an unmatched contribution in excess of \$10 per month. Total pension expense recognized for the Section 403(b) plan was \$34,840.

Early Retirement Benefits

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

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

The Board stipulated that in order to continue, the program must produce savings in the salaries of replacement personnel sufficient to fund the program cost as the obligations become due.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Long-Term Obligations

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

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

Fund Equity

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

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

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

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

Use of Estimates

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

Budget

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

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

NOTE 2 – BUDGETARY ACCOUNT GROUPINGS

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

General Fund

General Operations
Bus Purchase
Warm Springs Housing
Equipment Replacement
Maintenance Projects
PAC Fund

PERS Bond Reserve
Stabilization Fund
Warm Springs Facility
Technology Replacement
Textbook Replacement

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS

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

Deposits with financial institutions	\$ 2,217,901
Investments	
LGIP	8,299,876
Jefferson and Wasco Counties Investment Pool	3,112,520
Equity investments donated to District	<u>1,048</u>
Total shown on Statement of Net Position	<u><u>\$ 13,631,345</u></u>

Deposits

At June 30, 2015 the District held cash of \$2,217,901 with a bank balance of \$2,828,389. Oregon Revised Statute Chapter 295 requires that bank depositories pledge collateral against any public fund deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. The Office of the State Treasurer maintains a list of financial institutions in which deposits in excess of deposit insurance limits can be held. As of June 30, 2015 the District's cash balances exceeded FDIC insurance by \$1,560,730.

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

Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public fund collateral pledged at June 30, 2015, was \$1,446,787,655 for reported uninsured public funds of \$1,818,055,422. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS - continued

Investments

As of June 30, 2015 the District held the following investments:

Investment Type	Fair Value	% of investment portfolio
Local Government Investment Pool	\$ 8,299,876	72.72%
Jefferson and Wasco Counties Investment Pool	3,112,520	27.27%
Corporate securities	1,048	0.01%
	\$ 11,413,444	100.00%

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

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

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

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

The District's policy, which adheres to State of Oregon law, is to limit its investments to the following: Issuers within Oregon must be rated "A" or better by Standard and Poor's or Moody's Investors Service, issuers not in Oregon must be rated AA/Aa or better. The District is holding \$1,048 in equity securities that were donated and for which no rating is available. Investments in the Local Government Investment Pool and the Jefferson and Wasco County Investment Pools are not required to be rated.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS – continued

Investments – External Investment Pools

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 LGIP.

The LGIP is one of five asset classes approved for the investment of State of Oregon (State) funds. A number of local governments in Oregon as well as all State agencies participate in the LGIP, thus it is an external investment pool as defined in Statement No. 31 of the Government Accounting Standards Board, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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

Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The LGIP was in compliance with all portfolio guidelines at June 30, 2015. The reported value of the LGIP approximates the fair value of the LGIP shares and is calculated on a daily basis.

In addition, the District voluntarily participates in an external investment pool through the Jefferson County Treasurer. The reported value of the pool approximates the fair value of the pool shares. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The County's investment policies follow investment guidance of Oregon Revised Statutes (ORS 294.035 through 294.046) and more specifically provides that the Jefferson County Investment Pool shall be limited to:

- a. Legally issued obligations of the United States, the agencies and Instruments of the United States or enterprises sponsored by the United State government.
- b. Time deposit open accounts, certificates of deposit and savings accounts in banks, mutual savings banks and savings and loan associations which maintain a head office or branch in Oregon.
- c. Governmental repurchase agreements, fully collateralized, not to exceed 30 days.
- d. Bankers' acceptance that are guaranteed by an Oregon financial institution.
- e. LGIP.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 3 - CASH AND INVESTMENTS – continued

Investments held by the County Treasurer at June 30, 2015 were in compliance with investment guidelines.

NOTE 4 –TAX COLLECTIONS

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

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

	General Fund		
	Jefferson	Wasco	Total
Levy per notice of levy	\$ 3,991,288	\$ 98,524	\$4,089,812
Truncation gain (loss)	26		26
Other adjustments	1,088		1,088
Compression loss	(153,988)	(3,224)	(157,212)
	<u>\$ 3,838,414</u>	<u>\$ 95,300</u>	<u>\$3,933,714</u>

	Debt Service Fund		
	Jefferson	Wasco	Total
Levy per notice of levy	\$ 2,343,788	\$ 56,162	\$2,399,950
Truncation loss/gain			
Other adjustments	620		620
Compression loss			
	<u>\$ 2,344,408</u>	<u>\$ 56,162</u>	<u>\$2,400,570</u>

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 5 - RECEIVABLES

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

Receivables in the Statement of Net Position are comprised of the following as of June 30, 2014:

Property taxes	\$ 447,893
Grants	1,013,738
Other	<u>355,523</u>
	<u>\$1,817,154</u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 670,433	\$
Special Revenue Fund		670,433
	<u>\$ 670,433</u>	<u>\$ 670,433</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 2,614,251	\$	\$	\$ 2,614,251
Construction in progress	21,070,178	6,630,862	27,594,805	106,235
Total capital assets not being depreciated	<u>23,684,429</u>	<u>6,630,862</u>	<u>27,594,805</u>	<u>2,720,486</u>
Capital assets being depreciated				
Building and improvements	41,477,772	27,517,970	3,233,093	65,762,649
Vehicles and equipment	5,150,979	403,703	48,861	5,505,821
Total capital assets being depreciated	<u>46,628,751</u>	<u>27,921,673</u>	<u>3,281,954</u>	<u>71,268,470</u>
Less accumulated depreciation for				
Buildings and improvements	18,728,455	1,600,160	1,460,127	18,868,488
Vehicles and equipment	3,983,256	235,447	48,861	4,169,842
Total accumulated depreciation	<u>22,711,711</u>	<u>1,835,607</u>	<u>1,508,988</u>	<u>23,038,330</u>
Total capital assets being depreciated, net	<u>23,917,040</u>	<u>26,086,066</u>	<u>1,772,966</u>	<u>48,230,140</u>
Total capital assets, net	<u>\$ 47,601,469</u>	<u>\$ 32,716,928</u>	<u>\$ 29,367,771</u>	<u>\$ 50,950,626</u>

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

Instruction	\$ 1,671,491
Special programs	2,778
Business services	149,833
Enterprise and community services	11,505
	<u>\$ 1,835,607</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS – continued

Operating Leases

The District leases copy and postage machines under noncancelable operating leases. Total cost for the leases for the year ended June 30, 2015 was \$98,946. The future minimum lease payments for the machines are as follows:

Year Ending June 30,	Amount
2016	\$ 95,416
2017	93,003
2018	89,253
2019	41,942
2020	1,064
Total	\$ 320,678

NOTE 8 - LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Adjustments/ Payments	Ending Balance	Due in One Year
Bonds Payable					
General obligation bonds	\$ 34,570,000	\$	\$ 1,085,000	\$ 33,485,000	\$ 1,160,000
Limited tax pension obligation bonds	10,883,364		243,630	10,639,734	251,500
Unamortized premium/discount	3,571,326		251,105	3,320,221	251,105
	49,024,690		1,579,735	47,444,955	1,662,605
Other Liabilities					
Early retirement benefits	297,059	112,740	115,053	294,746	101,919
Other post employment benefits	1,210,076	51,318		1,261,394	
Accrued compensated absences	91,874	201,882	207,452	86,304	
State School Fund overpayment	2,320,617	144,661	694,921	1,770,357	804,661
Total	\$ 52,944,316	\$ 510,601	\$ 2,597,161	\$ 50,857,756	\$ 2,569,185

Bonds Payable

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM LIABILITIES – continued

General Obligation Bonds

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

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

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

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

Limited Tax Pension Obligation Bonds

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM LIABILITIES - continued

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

The following is a summary of long-debt transactions of governmental activity for the year ended June 30, 2015:

Type	Issue Date	Interest Rates	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Pension	October 31, 2002	2.06% to 6.1%	\$ 10,003,364	\$	\$ 243,630	\$ 9,759,734	\$ 251,500
Pension	January 31, 2012	2.75%	880,000			880,000	
General	May 23, 2013	1.25% to 5.0%	23,885,000		1,085,000	22,800,000	1,140,000
General	July 23, 2013	1.25% to 5.0%	10,685,000			10,685,000	20,000
		Total	<u>\$ 45,453,364</u>	<u>\$</u>	<u>\$ 1,328,630</u>	<u>\$ 44,124,734</u>	<u>\$ 1,411,500</u>

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

	Balance	Bond Premium/ Discount, net	Statement of Net Assets
Current	\$ 1,411,500	\$ 251,105	\$ 1,662,605
Noncurrent	42,713,234	3,069,116	45,782,350
Total Bonds Payable	<u>\$ 44,124,734</u>	<u>\$ 3,320,221</u>	<u>\$ 47,444,955</u>

Payments on the general obligation bonds are made by the Debt Service Fund from property taxes and earnings on investments. Payments on pension bonds are made by the Debt Service Fund from revenue from charges to other funds.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM LIABILITIES - continued

Future bond maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,411,500	\$ 2,201,851	\$ 3,613,351
2017	1,504,343	2,225,807	3,730,150
2018	1,585,195	2,264,068	3,849,263
2019	1,697,345	2,263,919	3,961,264
2020	1,821,351	2,260,812	4,082,163
2020-2024	13,555,000	7,347,149	20,902,149
2025-2029	14,370,000	3,730,200	18,100,200
2030-2034	8,180,000	771,413	8,951,413
	<u>\$ 44,124,734</u>	<u>\$ 23,065,219</u>	<u>\$ 67,189,953</u>

The District is subject to statutory limitations on indebtedness. Presently the District's net bonded debt is \$53,526,943 less than the statutory debt limit. No interest was capitalized during 2015.

Other Post-Employment Benefits

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

The liability is funded on a pay-as-you-go basis by the general fund. The liability is measured at the discounted present value of expected future benefit payments using a discount rate of 3.8%. These benefits are in addition to benefits which may become available under the pension plan administered under the Oregon PERS.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 8 - LONG-TERM LIABILITIES - continued

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2016	\$ 101,919
2017	60,161
2018	34,138
2019	29,976
2020	19,231
Thereafter	49,321
	\$ 294,746

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

NOTE 9 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 are as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,494,822
Special Revenue Fund	255,457	6,592
Debt Service Fund	975,452	
Capital Project Fund	270,505	
Total	\$ 1,501,414	\$ 1,501,414

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

Postemployment Healthcare Plan (implied rate subsidy)

The District reports its liability for other postemployment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description

The District sponsors a self-pay early retirement health insurance program for its retirees. The health insurance program is a post-employment benefit plan that allows eligible retirees and their dependents to purchase continuation coverage under the District's health insurance plans from the date of retirement until eligible for Medicare as required under ORS 243. The statutory requirement under ORS 243 results in an "implicit rate subsidy," the difference between expected early retiree claim costs and the premium paid by the retiree. GASB Statement 45 requires recognition of the cost and liability of this implicit rate subsidy in the government-wide financial statements.

Currently, the District participates in the Oregon Educators Benefit Board, a statewide agent multiple-employer plan for health insurance benefits. Benefits and eligibility for members are established through the collective bargaining agreements. For the purposes of the actuarial valuation, as of October 1, 2014, there were 345 active and 25 retired members.

The District's annual OPEB cost is reflected on the Statement of Net Position on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. There is no separate, audited GAAP-based postemployment benefit report available for this Plan.

Funding Policy

The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS- continued

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit cost (expense) for the postemployment health insurance subsidy is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the OPEB obligation as of June 30, 2015 and 2014:

	Fiscal Year-Ended	
	2015	2014
Employer's normal cost at year end	\$ 98,280	\$138,897
Amortization of UAAL	179,737	247,611
ARC	278,017	386,508
Interest on prior year OPEB obligation	42,353	37,951
Adjustments to ARC	(145,501)	(130,378)
Implicit benefit payments	(123,551)	(168,308)
OPEB obligation at beginning of year	1,210,076	1,084,303
OPEB obligation at end of year	\$ 1,261,394	\$ 1,210,076

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2015	\$ 174,869	71%	\$ 1,261,394
June 30, 2014	294,081	57%	1,210,076
June 30, 2013	293,561	63%	1,084,303
June 30, 2012	485,564	48%	975,853
June 30, 2011	466,611	48%	722,708
June 30, 2010	507,506	52%	478,688
June 30, 2009	491,992	53%	233,351

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS- continued

Funded Status and Funding Progress

The Schedule of Funding Progress, included as Required Supplementary Information immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations on an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit cost method was used in the actuarial valuation. The actuarial assumptions included a discount rate of 3.5 percent for unfunded liabilities and a 55% assumption of participants who elect medical coverage at retirement. The medical and prescription drug rate is assumed to increase 7.0% in 2014 reducing to 5.75% over the next fifteen years. The UAAL is being amortized as a level dollar amount over an open period of 10 years. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS for school districts.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC PENSION RETIREMENT PLAN

Plan Description

The District contributes to the Oregon Public Employees Retirement System (PERS) which is a cost sharing multiple employer defined benefit pension plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by schools districts is mandatory. PERS issues a publicly available financial report which can be obtained on their website, www.oregon.gov/PERS.

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

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. As of June 30, 2014, there were 36,176 active plan members, 118,496 inactive plan members or their beneficiaries currently receiving benefits, 14,901 inactive plan members entitled to but not yet receiving benefits, and 1,712 inactive plan members not eligible for refund or retirement, for a total of 171,285 Tier One members. As of June 30, 2014, there were 43,367 active plan members, 9,447 inactive plan members or their beneficiaries currently receiving benefits, 11,277 inactive plan members entitled to but not yet receiving benefits, and 5,112 inactive plan members not eligible for refund or retirement, for a total of 69,203 Tier Two members in the System.

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit), which is part of the Plan and the Individual Account Program, which is reported as a separate plan in PERS financial statements. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2014, there were 85,431 active plan members, 1,195 inactive plan members or their beneficiaries currently receiving benefits, 3,652 inactive plan members entitled to but not yet receiving benefits, and 6,992 inactive plan members not eligible for refund or retirement, for a total of 97,270 OPSRP Pension Program members.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC RETIREMENT PLAN - continued

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

For the year ended June 30, 2015, the District's total payroll for all employees was \$18,610,758. Total covered payroll was \$16,429,101. Covered payroll refers to all compensation paid by the District to active employees covered by PERS.

Contributions

PERS members are required to contribute 6% of their salary and the employer makes contributions at an actuarially determined rate as adopted by the PERS Board. The rate for Tier I and Tier II for the year ended June 30, 2015 was 15.5% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2015 was 13.5%. The contribution requirements of plan members are established by state statute. The employer contribution is set and may be amended by the Retirement Board. The District's contributions to Oregon PERS for the year ended June 30, 2015 was \$2,434,961. In addition, employee contributions made by the District under employment contracts were \$957,896 employee contributions for the year ended June 30, 2015.

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

At June 30, 2015, the District reported an asset of \$5,442,268 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012. Update procedures were used to roll forward the total pension liability to the measurement date.

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. No change has been made to the District's proportionate share since the prior measurement date. The rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term contribution effort is estimated by projecting the present value of all future Normal Cost Rate Contributions (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC RETIREMENT PLAN - continued

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

- Tier 1/Tier 2 payroll
- OPSRP General Service payroll
- OPSRP Police & Fire payroll

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

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC RETIREMENT PLAN - continued

For the year ended June 30, 2015, the District recognized pension income of \$7,003,327. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between projected and actual investment earnings	\$	\$ 10,501,373
Changes in employer proportion and differences between employer contributions and proportionate share of contributions		350,163
District contributions subsequent to the measurement date	<u>2,434,961</u>	<u> </u>
Total	<u>\$ 2,434,961</u>	<u>\$ 10,851,536</u>

The \$243,012 of deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2016	\$ (2,701,465)
2017	(2,701,465)
2018	(2,701,465)
2019	(2,701,465)
2020	(45,675)

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC RETIREMENT PLAN - continued

Actuarial Assumptions

The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75 percent
Salary increases	3.75 percent, plus assumed rates of mortality/longevity increases
Investment rate of return	7.75 percent

Mortality rates were based on the RP-2000 sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.

The actuarial assumptions used in the December 31, 2012 valuation were based on the results of an actuarial experience study for 2012, published September 18, 2013.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long term expected real rate of return</u>
Cash	0.0%	0.0%
Debt securities	20.0%	4.4%
Public equity	37.5%	22.3%
Private equity	20.0%	26.2%
Real estate	12.5%	11.2%
Alternative equity	10.0%	6.3%
Opportunity portfolio	0.0%	21.5%

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC RETIREMENT PLAN - continued

Discount Rate

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	Discount	Proportionate share of net pension liability
	rate	(asset)
1% decrease	6.75%	\$ 11,524,758
Current discount rate	7.75%	(5,442,268)
1% increase	8.75%	(19,792,392)

Plan Fiduciary Net Position

Detailed information about PERS’s fiduciary net position is available in the separately issued Oregon Public Employees’ Retirement Plan financial report, available on the Oregon PERS website.

Changes in Plan Provisions Subsequent to Measurement Date

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 11 – PUBLIC RETIREMENT PLAN - continued

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	<u>June 30, 2014 Measurement Date</u>	
	<u>Prior to Moro</u>	<u>After Moro (estimated)</u>
Total pension liability	\$ 63,134.8	\$ 68,050.0
Fiduciary net position	65,401.5	65,400.0
Net pension liability (asset)	<u>\$ (2,266.7)</u>	<u>\$ 2,650.0</u>

NOTE 12 - ENVIRONMENTAL MATTERS

The District has complied with EPA standards for asbestos encasement as well as maintenance of an asbestos management plan. In addition, the District's fuel storage facilities meet EPA standards including annual testing requirements.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 14 – STABILIZATION FUNDS

During fiscal year 2008-09, the board of directors established, through resolution, a stabilization fund for use in stabilizing the highs and lows of funding from federal, state and local sources and to provide a consistent education opportunity for students over a long period of time. In addition, the board established a separate reserve fund to protect the general fund from anticipated rising PERS costs.

The funds are to be expended to equalize funding year to year and to transfer to the general fund to offset rising PERS costs. They may only be expended by board resolution or as part of the annual budget process. The fund balance in these stabilization funds are reported as committed in the governmental fund financial statements.

NOTE 15 – RESTATEMENT

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during the fiscal year ended June 30, 2015. The net position of the District's governmental activities as of June 30, 2014 has been restated to reflect the change in accounting principle. The impact of this restatement on net position is as follows:

	Governmental Activities
Net position at June 30, 2014, as previously reported	\$ 22,611,527
Net pension liability	(12,252,398)
Deferred outflows	2,274,764
Write off of prepaid pension asset	(10,690,219)
Net position at June 30, 2014, as restated	<u>\$ 1,943,674</u>

The restatement had not effect on the fund balance at June 30, 2015.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT 509-J
Jefferson County, Oregon

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS

YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	AAL	UAAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2008	\$	\$ 3,684,145	\$ 3,684,145	0%	\$ 14,944,211	24.7%
10/1/2010		3,285,847	3,285,847	0%	15,526,388	21.2%
10/1/2012		2,061,121	2,061,121	0%	16,485,883	12.5%
10/1/2014		1,507,719	1,507,719	0%	15,844,678	9.5%

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
Revenues						
Property taxes	\$ 3,864,000	\$ 3,864,000	\$ 3,877,383	\$	\$ 3,877,383	\$ 13,383
Investment earnings	65,000	65,000	74,839		74,839	9,839
Admissions	16,000	16,000	19,268		19,268	3,268
Other local sources	1,513,057	1,513,057	1,626,884		1,626,884	113,827
Intermediate sources	70,000	70,000	116,740		116,740	46,740
State sources	21,416,300	21,416,300	24,157,598		24,157,598	2,741,298
Federal sources	2,663,000	2,663,000	2,333,185		2,333,185	(329,815)
Total revenues	29,607,357	29,607,357	32,205,897		32,205,897	2,598,540
Expenditures						
Current						
Instruction	17,937,968	18,142,843	17,253,418		17,253,418	(889,425)
Support services	12,652,771	12,524,771	12,385,513	(320,508)	12,065,005	(139,258)
Community services	39,070	79,070	49,331		49,331	(29,739)
Facilities acquisition						
Contingency	466,000	89,125				
Capital outlay				320,508	320,508	
Total expenditures	31,095,809	30,835,809	29,688,262		29,688,262	(1,058,422)
Excess (deficiency) of revenues over (under) expenditures	(1,488,452)	(1,228,452)	2,517,635		2,517,635	3,746,087
Other financing sources (uses)						
Operating transfers in						
Operating transfers out	(1,297,854)	(1,557,854)	(1,494,822)		(1,494,822)	63,032
Gain on sale of capital assets			98,864		98,864	98,864
Total other financing sources and (uses)	(1,297,854)	(1,557,854)	(1,395,958)		(1,395,958)	161,896
Net change in fund balance	(2,786,306)	(2,786,306)	1,121,677		1,121,677	3,907,983
Fund balance - beginning of year	8,700,000	8,700,000	9,886,981		9,886,981	1,186,981
Fund balance - end of year	<u>\$ 5,913,694</u>	<u>\$ 5,913,694</u>	<u>\$ 11,008,658</u>	<u>\$</u>	<u>\$ 11,008,658</u>	<u>\$ 5,094,964</u>

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

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
Revenues						
Investment earnings	\$ 110	\$ 110	\$	\$	\$	\$ (110)
Other local sources	474,574	592,336	512,041		512,041	(80,295)
Intermediate sources	13,056	30,934	24,870		24,870	(6,064)
State sources	323,367	791,350	787,183		787,183	(4,167)
Federal sources	4,675,772	5,016,387	5,064,305		5,064,305	47,918
Total revenues	5,486,879	6,431,118	6,388,399		6,388,399	(42,719)
Expenditures						
Current						
Instruction	2,137,109	2,286,141	2,180,180		2,180,180	(105,961)
Support services	1,608,470	2,190,511	2,112,573	(11,845)	2,100,728	(77,938)
Community services	2,166,482	2,324,987	2,275,922		2,275,922	(49,065)
Capital outlay				11,845	11,845	
Total expenditures	5,912,061	6,801,639	6,568,675		6,568,675	(232,965)
Excess (deficiency) of revenues over (under) expenditures	(425,182)	(370,521)	(180,276)		(180,276)	190,246
Other financing sources (uses)						
Operating transfers in	320,145	320,145	255,457		255,457	(64,688)
Operating transfers out		(6,592)	(6,592)		(6,592)	(0)
Total other financing sources and (uses)	320,145	313,553	248,865		248,865	(64,688)
Net change in fund balance	(105,037)	(56,969)	68,589		68,589	125,559
Fund balance - beginning of year	131,969	131,969	165,520		165,520	33,551
Fund balance - end of year	\$ 26,932	\$ 75,000	\$ 234,109	\$	\$ 234,109	\$ 159,110

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

SCHOOL DISTRICT 509-J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset) (NPL(A))	(b) Employer's proportionate share of the NPL(A)	(c) CAL's covered payroll	(b/c) NPL(A) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.240095%	\$ (5,442,268)	\$ 16,429,101	-33.1%	103.6%
2014	0.240095%	12,252,398	15,844,678	77.3%	92.0%

SCHOOL DISTRICT 509-J
Jefferson County, Oregon

SCHEDULE OF CONTRIBUTIONS

YEAR ENDED JUNE 30, 2015

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 2,434,961	\$ 2,434,961	\$	\$ 16,429,101	14.82%
2014	2,274,764	2,274,764		15,844,678	14.36%

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Property taxes	\$ 2,200,436	\$ 2,200,436	\$ 2,386,193	\$	\$ 2,386,193	\$ 185,757
Investment earnings	9,000	9,000	13,963		13,963	4,963
Total revenues	2,209,436	2,209,436	2,400,156		2,400,156	190,720
<u>Expenditures</u>						
Current						
Debt service	3,505,055	3,505,055	3,505,050	(3,505,050)		(5)
Principal				1,328,630	1,328,630	
Interest				2,176,420	2,176,420	
Total expenditures	3,505,055	3,505,055	3,505,050		3,505,050	(5)
Excess (deficiency) of revenues over (under) expenditures	(1,295,619)	(1,295,619)	(1,104,894)		(1,104,894)	190,725
<u>Other financing sources (uses)</u>						
Operating transfers in	977,709	977,709	975,452		975,452	(2,257)
Net change in fund balance	(317,910)	(317,910)	(129,442)		(129,442)	188,468
Fund balance - beginning of year	678,910	678,910	848,110		848,110	169,200
Fund balance - end of year	\$ 361,000	\$ 361,000	\$ 718,668	\$	\$ 718,668	\$ 357,668

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Investment earnings	\$ 10,000	\$ 10,000	\$ 12,461	\$	\$ 12,461	\$ 2,461
Other local sources		26,000	112,106		112,106	86,106
Total revenues	10,000	36,000	124,567		124,567	88,567
<u>Expenditures</u>						
Current						
Facilities acquisition	10,447,033	10,479,625	7,676,580	(6,831,023)	845,557	(2,803,045)
Capital outlay				6,831,023	6,831,023	
Total expenditures	10,447,033	10,479,625	7,676,580		7,676,580	(2,803,045)
Excess (deficiency) of revenues over (under) expenditures	(10,437,033)	(10,443,625)	(7,552,013)		(7,552,013)	2,891,612
<u>Other financing sources</u>						
Operating transfers in		6,592	270,505		270,505	263,913
Total other financing sources		6,592	270,505		270,505	263,913
Net change in fund balance	(10,437,033)	(10,437,033)	(7,281,508)		(7,281,508)	3,155,525
Fund balance - beginning of year	10,437,033	10,437,033	7,281,508		7,281,508	(3,155,525)
Fund balance - end of year	\$	\$	\$	\$	\$	\$

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

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

<u>ASSETS</u>	100 - General Operations	101 - Bus Purchase	104 - Warm Springs Housing	105 - PAC Fund	107 - Technology Replacement Fund
Cash and investments	\$ 7,756,408	\$ 805,669	\$ 72,534	\$ 32,647	\$ 73,927
Receivables					
Property taxes	267,084				
Other	346,476			2,500	
Due from other funds	670,433				
Total assets	\$ 9,040,401	\$ 805,669	\$ 72,534	\$ 35,147	\$ 73,927
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 238,549	\$	\$ 416	\$	\$
Accrued payroll liability	1,632,239		299	2,825	
Other current Liabilities	804,661				
Tenant deposit			750		
Total liabilities	2,675,449		1,465	2,825	
<u>DEFERRED INFLOWS</u>					
Unavailable property taxes	234,299				
Unearned revenue			5,221		
Total deferred inflows	234,299		5,221		
<u>FUND BALANCES</u>					
Committed to:					
Bus replacement		805,669			
Equipment replacement					
Maintenance projects					
Performing arts center fund				32,322	
Stabilization of general fund					
Technology replacement plan fund					73,927
Textbook replacement plan fund					
Warm Springs housing			65,848		
Warm Springs school construction					
Assigned to:					
Appropriated ending fund balance	3,014,493				
Unassigned	3,116,160				
Total fund balances	6,130,653	805,669	65,848	32,322	73,927
Total liabilities, deferred inflows and fund balances	\$ 9,040,401	\$ 805,669	\$ 72,534	\$ 35,147	\$ 73,927

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

<u>ASSETS</u>	108 - Textbook Replacement Fund	109 - Equipment Fund	110 - Maintenance Projects	111 - PERS Bond Reserve	118 - Stabilization Fund
Cash and investments	\$ 38,331	\$ 318,463	\$ 901,990	\$ 667,812	\$ 1,545,934
Receivables					
Property taxes					
Other			5,673		
Due from other funds					
Total assets	\$ 38,331	\$ 318,463	\$ 907,663	\$ 667,812	\$ 1,545,934
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$	\$ 1,000	\$ 3,298	\$	\$
Accrued payroll liability					
Other Current Liabilities					
Tenant deposit					
Total liabilities		1,000	3,298		
<u>DEFERRED INFLOWS</u>					
Deferred revenues					
Unearned revenue					
Total deferred inflows					
<u>FUND BALANCES</u>					
Committed to:					
Bus replacement					
Equipment replacement		317,463			
Maintenance projects			904,365		
Performing arts center fund					
Stabilization of general fund				667,812	1,545,934
Technology replacement plan fund					
Textbook replacement plan fund	38,331				
Warm Springs housing					
Warm Springs school construction					
Assigned to:					
Appropriated ending fund balance					
Unassigned					
Total fund balances	38,331	317,463	904,365	667,812	1,545,934
Total liabilities, deferred inflows and fund balances	\$ 38,331	\$ 318,463	\$ 907,663	\$ 667,812	\$ 1,545,934

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

<u>ASSETS</u>	119 - Warm Springs Facility	Total	
		2015	2014
Cash and investments	\$ 426,334	\$ 12,640,050	\$ 11,403,025
Receivables			
Property taxes		267,084	315,104
Other		354,649	254,508
Due from other funds		670,433	759,009
 Total assets	<u>\$ 426,334</u>	<u>\$ 13,932,216</u>	<u>\$ 12,731,646</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$	\$ 243,263	\$ 431,297
Accrued payroll liability		1,635,364	1,505,566
Other Current Liabilities		804,661	660,000
Tenant deposit		750	1,350
 Total liabilities		<u>2,684,038</u>	<u>2,598,213</u>
 <u>DEFERRED INFLOWS</u>			
Deferred revenues		234,299	246,452
Unearned revenue		5,221	
 Total deferred inflows		<u>239,520</u>	<u>246,452</u>
 <u>FUND BALANCES</u>			
Committed to:			
Bus replacement		805,669	186,031
Equipment replacement		317,463	102,888
Maintenance projects		904,365	239,613
Performing arts center fund		32,322	
Stabilization of general fund		2,213,746	2,215,908
Technology replacement plan fund		73,927	
Textbook replacement plan fund		38,331	
Warm Springs housing		65,848	46,701
Warm Springs school construction	426,334	426,334	426,334
Assigned to:			
Appropriated ending fund balance		3,014,493	2,620,306
Unassigned		3,116,160	4,049,200
 Total fund balances	<u>426,334</u>	<u>11,008,658</u>	<u>9,886,981</u>
 Total liabilities, deferred inflows and fund balances	<u>\$ 426,334</u>	<u>\$ 13,932,216</u>	<u>\$ 12,731,646</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	100 - General Operations	101 - Bus Purchase	104 - Warm Springs Housing	105 - PAC Fund	107 - Technology Replacement Fund
<u>Revenues</u>					
Property taxes	\$ 3,877,383	\$	\$	\$	\$
Interest	74,839				
Admissions	19,268				
Other local sources	1,541,995		20,326	2,500	62,063
Intermediate sources	44,930				
State sources	22,389,132	639,097			
Federal sources	2,324,493				
Total revenues	30,272,040	639,097	20,326	2,500	62,063
<u>Expenditures</u>					
Current					
Instruction	16,829,473				
Support services	11,900,098		1,178		100,136
Enterprise and community services	39,153			10,178	
Capital outlay	15,460	217,123			
Total expenditures	28,784,184	217,123	1,178	10,178	100,136
Excess (deficiency) of revenues over (under) expenditures	1,487,856	421,974	19,148	(7,678)	(38,073)
Other financing sources (uses)					
Operating transfers in		107,000		40,000	112,000
Operating transfers out	(2,034,909)				
Gain on sale of capital assets	8,200	90,664			
Total other financing sources and (uses)	(2,026,709)	197,664		40,000	112,000
Net change in fund balance	(538,853)	619,638	19,148	32,322	73,927
Fund balance - beginning of year	6,669,506	186,031	46,701		
Fund balance - end of year	<u>\$ 6,130,653</u>	<u>\$ 805,669</u>	<u>\$ 65,848</u>	<u>\$ 32,322</u>	<u>\$ 73,927</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	108 - Textbook Replacement Fund	109 - Equipment Replacement Fund	110 - Maint and Repair Projects	111- PERS Bond Reserve	118 - Stabilization Fund
<u>Revenues</u>					
Property taxes	\$	\$	\$	\$	\$
Interest					
Admissions					
Other local sources					
Intermediate sources			71,811		
State sources		300,000	829,368		
Federal sources		8,691			
Total revenues		308,691	901,179		
<u>Expenditures</u>					
Current					
Instruction	421,783				2,162
Support services	49,886	13,704			
Enterprise and community services					
Capital outlay		50,412	37,513		
Total expenditures	471,669	64,116	37,513		2,162
Excess (deficiency) of revenues over (under) expenditures	(471,669)	244,575	863,666		(2,162)
<u>Other financing sources (uses)</u>					
Operating transfers in	510,000	45,000	65,000		
Operating transfers out		(75,000)	(263,914)		
Gain on sale of capital assets					
Total other financing sources and (uses)	510,000	(30,000)	(198,914)		
Net change in fund balance	38,331	214,575	664,752		(2,162)
Fund balance - beginning of year		102,888	239,613	667,812	1,548,096
Fund balance - end of year	\$ 38,331	\$ 317,463	\$ 904,365	\$ 667,812	1,545,934

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	119 - Warm Springs	Total	
	Facility	2015	2014
<u>Revenues</u>			
Property taxes	\$	\$ 3,877,383	\$ 3,811,235
Interest		74,839	92,007
Admissions		19,268	16,636
Other local sources		1,626,884	1,500,803
Intermediate sources		116,740	113,184
State sources		24,157,598	20,426,414
Federal sources		2,333,185	1,747,539
		<hr/>	<hr/>
Total revenues		32,205,897	27,707,818
		<hr/>	<hr/>
<u>Expenditures</u>			
Current			
Instruction		17,253,418	15,651,728
Support services		12,065,005	12,092,931
Enterprise and community services		49,331	41,229
Capital outlay		320,508	243,380
		<hr/>	<hr/>
Total expenditures		29,688,262	28,029,268
		<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures		2,517,635	(321,450)
		<hr/>	<hr/>
Other financing sources (uses)			
Operating transfers in		879,000	941,600
Operating transfers out		(2,373,822)	(2,151,375)
Gain on sale of capital assets		98,864	1,302
		<hr/>	<hr/>
Total other financing sources and (uses)		(1,395,958)	(1,208,473)
		<hr/>	<hr/>
Net change in fund balance		1,121,677	(1,529,923)
		<hr/>	<hr/>
Fund balance - beginning of year	426,334	9,886,981	11,416,905
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 426,334	\$ 11,008,658	\$ 9,886,982
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	203 - Title 1A: Grant to LEAs	205 - Title VII: Indian Education	206 - Johnson O'Malley	211 - Priority Schools	212 - WS K-8 School Improvement Grant	213 - IDEA	214 - JCMS School Improvement Grant
<u>ASSETS</u>							
Cash and investments	\$	\$ 64,344	\$	\$	\$	\$	\$
Receivables - reimbursement claims	218,300	39,394	1,062	12,280	90,129	205,868	10,057
Prepaid expense							
Inventory							
Due from other funds							
Total assets	\$ 218,300	\$ 103,738	\$ 1,062	\$ 12,280	\$ 90,129	\$ 205,868	\$ 10,057
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$	\$	\$	\$	\$ 1,589	\$ 61,475	\$ 75
Accrued payroll liability	69,589	13,231		3,393	21,440	39,565	(79)
Deposits							
Due to other funds	148,711	90,507	1,062	8,887	67,100	104,828	10,061
Total liabilities	218,300	103,738	1,062	12,280	90,129	205,868	10,057
<u>DEFERRED INFLOWS</u>							
Deferred Revenues							
<u>FUND BALANCES</u>							
Nonspendable:							
Inventory and prepaid expenses							
Restricted for:							
State and local grants and donations							
Committed to:							
Student Activities							
Unassigned							
Total fund balances							
Total liabilities, fund balances and deferred inflows	\$ 218,300	\$ 103,738	\$ 1,062	\$ 12,280	\$ 90,129	\$ 205,868	\$ 10,057

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	216 - Title III: English Language Acquisition	221 - Safe Routes to School	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1-C Migrant Education	230 - OR Student Mentoring Grant
<u>ASSETS</u>							
Cash and investments	\$ 1,343						
Receivables - reimbursement claims		3,293	1,652	33,014	2,859		39,461
Prepaid expense							
Inventory							
Due from other funds							
Total assets	\$ 1,343	\$ 3,293	\$ 1,652	\$ 33,014	\$ 2,859	\$	\$ 39,461
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$	\$	\$	23,037	\$	\$	\$
Accrued payroll liability	1,189	795	350	5,718	130		16,925
Deposits							
Due to other funds		2,498	1,302	4,259	2,729		22,536
Total liabilities	1,189	3,293	1,652	33,014	2,859	\$	39,461
<u>DEFERRED INFLOWS</u>							
Deferred Revenues	154						
<u>FUND BALANCES</u>							
Nonspendable:							
Inventory and prepaid expenses							
Restricted for:							
State and local grants and donations							
Committed to:							
Student Activities							
Unassigned							
Total fund balances							
Total liabilities, fund balances and deferred inflows	\$ 1,343	\$ 3,293	\$ 1,652	\$ 33,014	\$ 2,859	\$	\$ 39,461

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	231 - CTE/STEM Grant	232 - Onsite Child Care	235 - ODE State Grants	242 - Miscellaneous State & Local Grants	249 - School Enrichment Fund	258 -Title VI- B: Rural Education Achievement	260 - Summer Nutrition Program
<u>ASSETS</u>							
Cash and investments	\$	\$ 13,432	\$	\$ 25,266	\$ 29,061	\$	\$
Receivables - reimbursement claims	102,104	1,628	44,023	22,877		9,057	13,708
Prepaid expense							
Inventory							
Due from other funds							
Total assets	\$ 102,104	\$ 15,060	\$ 44,023	\$ 48,143	\$ 29,061	\$ 9,057	\$ 13,708
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 3,707	\$	\$ 4,198	\$ 1,211	\$ 46	\$	\$ 4,021
Accrued payroll liability	8,602	5,175	7,000	413		1,488	4,316
Deposits							
Due to other funds	89,795		32,657			7,569	5,371
Total liabilities	102,104	5,175	43,855	1,624	46	9,057	13,708
<u>DEFERRED INFLOWS</u>							
Deferred Revenues			168	46,519			
<u>FUND BALANCES</u>							
Nonspendable:							
Inventory and prepaid expenses							
Restricted for:							
State and local grants and donations							
Committed to:							
Student Activities					29,015		
Assigned for:							
Onsite child care		9,885					
Unassigned							
Total fund balances		9,885			29,015		
Total liabilities, fund balances and deferred inflows	\$ 102,104	\$ 15,060	\$ 44,023	\$ 48,143	\$ 29,061	\$ 9,057	\$ 13,708

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	261 - Title II-A: Quality Teacher's Fund	262 - Student Body Funds	265 - Classroom Mini Grants	270- Student After School Meals	280 - Food Services	290 - Donations
<u>ASSETS</u>						
Cash and investments	\$	\$ 155,210	\$ 3,622	\$	\$	\$ 3,418
Receivables - reimbursement claims	72,697			4,284	85,987	
Prepaid expense						
Inventory					67,739	
Due from other funds						
Total assets	<u>\$ 72,697</u>	<u>\$ 155,210</u>	<u>\$ 3,622</u>	<u>\$ 4,284</u>	<u>\$ 153,726</u>	<u>\$ 3,418</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 2,999	\$	\$	\$	\$ 10,173	\$
Accrued payroll liability	7,463			461	96,327	
Deposits					2,724	
Due to other funds	62,235			3,823	4,502	
Total liabilities	<u>72,697</u>			<u>4,284</u>	<u>113,726</u>	
<u>DEFERRED INFLOWS</u>						
Unearned revenue			3,622			3,418
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory and prepaid expenses					67,739	
Restricted for:						
State and local grants and donations						
Committed to:						
Student Activities		155,210				
Assigned for:						
Onsite child care						
Unassigned					(27,739)	
Total fund balances		<u>155,210</u>			<u>40,000</u>	
Total liabilities, fund balances and deferred inflows	<u>\$ 72,697</u>	<u>\$ 155,210</u>	<u>\$ 3,622</u>	<u>\$ 4,284</u>	<u>\$ 153,726</u>	<u>\$ 3,418</u>

SCHOOL DISTRICT NO.509J
Jefferson County, Oregon

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

JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	Total	
<u>ASSETS</u>	2015	2014
Cash and investments	\$ 295,695	\$ 244,007
Receivables - reimbursement claims	1,013,738	1,025,240
Prepaid expense		
Inventory	67,739	100,685
Due from other funds		
Total assets	\$ 1,377,172	\$ 1,369,932
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts payable	\$ 112,532	\$ 163,919
Accrued payroll liability	303,492	268,633
Deposits	2,724	6,033
Due to other funds	670,433	678,126
Total liabilities	1,089,181	1,116,711
<u>DEFERRED INFLOWS</u>		
Unearned revenue	53,882	87,701
<u>FUND BALANCES</u>		
Nonspendable:		
Inventory and prepaid expenses	67,739	100,685
Restricted for:		
State and local grants and donations		2,401
Committed to:		
Student Activities	184,224	149,963
Assigned for:		
Onsite child care	9,885	
Unassigned	(27,739)	(87,529)
Total fund balances	234,109	165,520
Total liabilities, fund balances and deferred inflows		
	\$ 1,377,172	\$ 1,369,932

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	203 - Title 1A: Grant to LEAs	205 - Title VII: Indian Education	206 - Johnson O'Malley	211 - Priority Schools	212 - W.S.R.-S School Improvement Grant	213 - IDEA	214 - J.C.M.S School Improvement Grant
<u>Revenues</u>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources			3,000				
Intermediate sources							
State sources	65,000						
Federal sources	1,117,784	192,784	3,599	74,334	592,407	644,333	82,161
Total revenues	<u>1,182,784</u>	<u>192,784</u>	<u>6,599</u>	<u>74,334</u>	<u>592,407</u>	<u>644,333</u>	<u>82,161</u>
<u>Expenditures</u>							
Current							
Instruction	557,128	127,356		36,398	160,845	402,454	55,256
Support services	616,506	65,207	6,726	37,936	431,496	241,879	26,835
Enterprise and community services	9,150	221			66		70
Capital outlay							
Total expenditures	<u>1,182,784</u>	<u>192,784</u>	<u>6,726</u>	<u>74,334</u>	<u>592,407</u>	<u>644,333</u>	<u>82,161</u>
Excess (deficiency) of revenues over (under) expenditures			(127)				
Other financing sources (uses)							
Operating transfers in			127				
Operating transfers out							
Gain (loss) on sale of capital assets							
Total other financing sources and (uses)			<u>127</u>				
Net change in fund balance							
Fund balance - beginning of year							
Fund balance - end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	216 - Title III: English Language Acquisition	221 - Safe Routes to School	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1-C Migrant Education	230 - OR Student Mentoring Grant
<u>Revenues</u>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources			500				227
Intermediate sources							
State sources			11,002				175,330
Federal sources	69,696	4,798		147,223	6,644	7,944	
Total revenues	69,696	4,798	11,502	147,223	6,644	7,944	175,557
<u>Expenditures</u>							
Current							
Instruction	8,652		20,116	139,168			
Support services	9,593	4,798	708	8,055	6,644	7,944	152,289
Enterprise and community services	51,451						23,162
Capital outlay							
Total expenditures	69,696	4,798	20,824	147,223	6,644	7,944	175,451
Excess (deficiency) of revenues over (under) expenditures			(9,322)				106
Other financing sources (uses)							
Operating transfers in			9,322				
Operating transfers out			(809)				(106)
Gain (loss) on sale of capital assets							
Total other financing sources and (uses)			8,513				(106)
Net change in fund balance			(809)				
Fund balance - beginning of year			809				
Fund balance - end of year	\$	\$	\$	\$	\$	\$	\$

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	231 - CTE/STEM Grant	232 - Onsite Child Care	235 - ODE State Grants	242 - Miscellaneous State & Local Grants	249 - School Enrichment Fund	258 -Title VI-B: Rural Education Achievement	260 - Summer Nutrition Program
Revenues							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources		36,603		49,869	31,559		
Intermediate sources			6,178	18,692			
State sources	201,892	5,100	281,548				953
Federal sources		6,945				68,411	65,209
Total revenues	201,892	48,648	287,726	68,561	31,559	68,411	66,162
Expenditures							
Current							
Instruction	176,116		120,445	28,816	19,684	25,496	
Support services	13,931		167,281	33,331		42,915	
Enterprise and community services		90,395		6,414			66,162
Capital outlay	11,845						
Total expenditures	201,892	90,395	287,726	68,561	19,684	68,411	66,162
Excess (deficiency) of revenues over (under) expenditures		(41,747)			11,875		
Other financing sources (uses)							
Operating transfers in		38,476					
Operating transfers out					(8,481)		
Gain (loss) on sale of capital assets							
Total other financing sources and (uses)		38,476			(8,481)		
Net change in fund balance		(3,271)			3,394		
Fund balance - beginning of year		13,156			25,621		
Fund balance - end of year	\$	\$ 9,885	\$	\$	\$ 29,015	\$	\$

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	261 - Title II-A: Quality Teacher's Fund	262 - Student Body Funds	265 - Classroom Mini Grants	270- Student After School Meals	280 - Food Services	290 - Donations
<u>Revenues</u>						
Interest	\$	\$	\$	\$	\$	\$
Other local sources		307,995	1,846		61,343	19,099
Intermediate sources						
State sources	31,280				15,078	
Federal sources	195,355			88,137	1,696,544	
Total revenues	<u>226,635</u>	<u>307,995</u>	<u>1,846</u>	<u>88,137</u>	<u>1,772,965</u>	<u>19,099</u>
<u>Expenditures</u>						
Current						
Instruction		286,523	1,627			14,099
Support services	226,635				20	
Enterprise and community services			219	88,137	1,940,477	
Capital outlay						
Total expenditures	<u>226,635</u>	<u>286,523</u>	<u>1,846</u>	<u>88,137</u>	<u>1,940,497</u>	<u>14,099</u>
Excess (deficiency) of revenues over (under) expenditures		<u>21,472</u>			<u>(167,532)</u>	<u>5,000</u>
<u>Other financing sources (uses)</u>						
Operating transfers in		9,396			207,532	
Operating transfers out						(6,592)
Gain (loss) on sale of capital assets						
Total other financing sources and (uses)		<u>9,396</u>			<u>207,532</u>	<u>(6,592)</u>
Net change in fund balance		30,868			40,000	(1,592)
Fund balance - beginning of year		<u>124,342</u>				<u>1,592</u>
Fund balance - end of year	<u>\$</u>	<u>\$ 155,210</u>	<u>\$</u>	<u>\$</u>	<u>\$ 40,000</u>	<u>\$</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

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

YEAR ENDED JUNE 30, 2015 AND SUMMARIZED INFORMATION FOR JUNE 30, 2014

	Total	
	2015	2014
<u>Revenues</u>		
Interest	\$	2,313
Other local sources	512,041	512,143
Intermediate sources	24,870	204,468
State sources	787,183	147,113
Federal sources	5,064,305	5,293,228
	<u>6,388,399</u>	<u>6,159,265</u>
 <u>Expenditures</u>		
Current		
Instruction	2,180,180	2,537,390
Support services	2,100,728	1,611,504
Enterprise and community services	2,275,922	2,204,969
Capital outlay	11,845	49,237
	<u>6,568,675</u>	<u>6,403,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(180,276)</u>	<u>(243,835)</u>
 <u>Other financing sources (uses)</u>		
Operating transfers in	264,853	284,309
Operating transfers out	(15,988)	(3,993)
Gain (loss) on sale of capital assets		
	<u>248,865</u>	<u>280,316</u>
Net change in fund balance	68,589	36,481
Fund balance - beginning of year	<u>165,520</u>	<u>129,039</u>
Fund balance - end of year	<u>234,109</u>	<u>\$ 165,520</u>

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SCHEDULE OF FUTURE MATURITIES - BOND AND BOND INTEREST

JUNE 30, 2015

Year of Maturity	Total	Issue Date October 31, 2002		Issue Date January 31, 2012		Issue Date May 23, 2013		Issue Date July 23, 2013	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015-16	\$ 3,613,350	\$ 251,500	\$ 757,007	\$	\$ 24,200	\$ 1,140,000	\$ 930,006	\$ 20,000	\$ 490,637
2016-17	3,730,150	254,343	804,164		24,200	1,215,000	907,206	35,000	490,237
2017-18	3,849,264	260,195	858,312		24,200	1,275,000	892,019	50,000	489,538
2018-19	3,961,264	262,344	911,163		24,200	1,370,000	841,019	65,000	487,538
2019-20	4,082,164	266,351	972,156		24,200	1,475,000	779,519	80,000	484,938
2020-21	4,244,964		468,507	880,000	24,200	1,580,000	720,519	90,000	481,738
2021-22	4,343,963	945,000	468,507			1,690,000	657,319	105,000	478,137
2022-23	3,984,778	1,065,000	416,721			815,000	584,119	630,000	473,938
2023-24	4,098,508	1,195,000	358,252			875,000	551,519	670,000	448,737
2024-25	4,229,937	1,340,000	291,930			945,000	507,769	730,000	415,238
2025-26	4,356,816	1,490,000	217,560			1,025,000	460,519	785,000	378,737
2026-27	4,493,622	1,655,000	134,865			1,105,000	409,269	850,000	339,488
2027-28	3,571,119	775,000	43,013			1,170,000	376,119	910,000	296,987
2028-29	2,810,807					1,255,000	329,319	975,000	251,488
2029-30	2,867,837					1,315,000	290,100	1,060,000	202,737
2030-31	2,922,238					1,410,000	227,500	1,135,000	149,738
2031-32	2,984,918					1,515,000	157,000	1,210,000	102,918
2032-33	3,044,256					1,625,000	81,250	1,285,000	53,006
	<u>\$ 67,189,953</u>	<u>\$ 9,759,733</u>	<u>\$ 6,702,157</u>	<u>\$ 880,000</u>	<u>\$ 145,200</u>	<u>\$ 22,800,000</u>	<u>\$ 9,702,088</u>	<u>\$ 10,685,000</u>	<u>\$ 6,515,775</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

PROPERTY TAX TRANSACTIONS - GENERAL FUND

YEAR ENDED JUNE 30, 2015

Tax Year	Beginning Balance and 2014-15 Levy	Adjustments	Net Interest (Discount)	Turnovers from County Treasurer	Ending Balance
Jefferson County					
2014-15	\$ 3,838,414	\$ 5,668	\$ (92,908)	\$ 3,613,086	\$ 126,751
2013-14	133,296	730	6,081	75,026	63,621
2012-13	79,952	468	8,792	48,724	39,551
2011-12	53,559	478	11,659	46,106	18,635
2010-11	32,693	554	11,172	38,011	5,299
2009-10	2,136	540	382	1,016	963
2008-09	1,568	219	211	500	1,060
2007-08	1,208				1,208
Prior	2,389		399	817	1,971
	<u>4,145,214</u>	<u>8,657</u>	<u>(54,212)</u>	<u>3,823,285</u>	<u>259,059</u>
Wasco County					
2014-15	\$ 95,300	\$ (8)	\$ (3,001)	\$ 88,508	\$ 3,799
2013-14	2,951	20	144	1,635	1,440
2012-13	2,319	39	196	924	1,551
2011-12	1,348	18	268	858	740
2010-11	553	18	117	316	336
2009-10	135	17	42	75	84
2008-09	89	12	46	69	53
Prior	33	12			20
	<u>102,726</u>	<u>129</u>	<u>(2,189)</u>	<u>92,384</u>	<u>8,024</u>
	<u>\$ 4,247,940</u>	<u>\$ 8,786</u>	<u>\$ (56,401)</u>	3,915,670	<u>\$ 267,084</u>
Less taxes accrued prior year				(73,525)	
Sale of county land				2,453	
Add taxes accrued current year				<u>32,785</u>	
				<u>\$ 3,877,383</u>	

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

PROPERTY TAX TRANSACTIONS - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2015

Tax Year	Beginning Balance and 2014-15 Levy	Adjustments	Net Interest (Discount)	Turnovers from County Treasurer	Ending Balance
Jefferson County					
2014-15	\$ 2,344,408	\$ 3,462	\$ (56,746)	\$ 2,206,783	\$ 77,417
2013-14	100,410	550	4,581	56,516	47,925
2012-13	60,606	355	6,665	36,934	29,981
2011-12	37,480	334	8,159	32,264	13,041
2010-11	22,270	377	7,597	25,850	3,641
2009-10	1,453	367	260	691	655
2008-09	1,095	153	148	349	740
Prior	2,387		261	534	2,113
	<u>2,570,109</u>	<u>5,598</u>	<u>(29,076)</u>	<u>2,359,922</u>	<u>175,513</u>
Wasco County					
2014-15	56,162	(5)	(1,768)	52,159	2,239
2013-14	2,168	15	104	1,185	1,072
2012-13	1,713	29	145	682	1,146
2011-12	920	12	183	585	505
2010-11	371	12	79	212	225
2009-10	90	11	28	50	57
2008-09	61	9	32	48	37
Prior	25	9			15
	<u>61,510</u>	<u>93</u>	<u>(1,199)</u>	<u>54,923</u>	<u>5,296</u>
	<u>\$ 2,631,619</u>	<u>\$ 5,691</u>	<u>\$ (30,275)</u>	2,414,845	<u>\$ 180,809</u>
Less taxes accrued prior year				(52,247)	
Sale of county land				1,402	
Add taxes accrued current year				<u>22,193</u>	
				<u>\$ 2,386,193</u>	

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

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SUPPLEMENTAL INFORMATION FOR DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2015

Item A	Energy bills for heating		Objects 325
	All Funds	Function	& 326
		2540	\$ 631,364
		2550	13,280
Item B	Replacement of Equipment - General Fund In object 542 except for excluded functions		

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

REVENUE SUMMARY

YEAR ENDED JUNE 30, 2015

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>	<u>Fund 400</u>	<u>Total</u>
<u>Local Sources</u>					
1110 Ad Valorem Taxes Levied By District	\$ 3,877,383	\$	\$ 2,386,193	\$	\$ 6,263,576
1300 Tuition	80,949				80,949
1400 Transportation Fees from Within District	35,381	500			35,881
1500 Earnings on Investments	74,839	(201)	13,963	12,461	101,061
1600 Food Service		60,018			60,018
1700 Extra-Curricular Activities	19,268				19,268
1800 Childcare		36,104			36,104
1910 Rentals	56,451				56,451
1920 Contributions and Donations	250	74,314		47,453	122,018
1980 Federal Indirect Cost	181,101				181,101
1990 Miscellaneous	1,272,752	341,307		64,653	1,678,711
Total Revenue from Local Sources	5,598,374	512,041	2,400,157	124,567	8,635,138
<u>Intermediate Sources</u>					
2101 County School Funds	44,930				44,930
2200 Restricted Revenue	71,811	24,870			96,681
Total Revenue from Intermediate Sources	116,740	24,870			141,611
<u>State Sources</u>					
3101 State School Fund --General Support	23,898,848	15,078			23,913,927
3103 Common School Fund	247,829				247,829
3200 Restricted Grants-In-Aid	10,920	772,105			783,025
Total Revenue from State Sources	24,157,598	787,183			24,944,781
<u>Federal Sources</u>					
4300 Restricted Revenue Direct From Federal	61,380	192,784			254,164
4500 Restricted Revenue Through the State		4,724,491			4,724,491
4700 Grants-In-Aid From the Federal	5,620	16,341			21,961
4801 Federal Forest Fees	91,835				91,835
4802 Impact Aid to School Districts	2,165,658				2,165,658
4900 Revenue for/on Behalf of the District	8,691	130,690			139,381
Total Revenue from Federal Sources	2,333,184	5,064,305			7,397,489
<u>Other Sources</u>					
5100 Long Term Debt Financing Sources					
5120 Premiums on Sale of Bonds					
5200 Interfund Transfers	879,000	264,853	975,452	727,504	2,846,809
5300 Sale of Fixed Assets	98,864				98,864
5400 Resources - Beginning Fund Balance	9,886,981	165,520	848,110	7,281,508	18,182,119
Total Revenue from Other Sources	10,864,845	430,372	1,823,561	8,009,013	21,127,791
Grand Totals	\$ 43,070,741	\$ 6,818,772	\$ 4,223,718	\$ 8,133,579	\$ 62,246,810

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

GENERAL FUND (100)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2015

<u>Instruction</u>	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
1100 Regular Instruction	\$	\$	\$	\$	\$	\$	\$	\$
1111 Primary Education	6,640,936	3,959,700	2,228,513	82,066	370,656			
1113 Elementary Extra-curricular								
1121 Middle/Junior High Programs	2,351,714	1,435,740	804,297	22,051	89,626			
1122 Middle/Junior High School Extracurricular	190,136	108,164	43,125	11,899	26,290		659	
1131 High School Programs	2,995,000	1,792,741	979,797	112,381	109,806		275	
1132 High School Extra-curricular	539,582	298,322	118,274	60,925	54,746		7,315	
1210 Programs for the Talented and Gifted	109,600	69,827	39,062	711				
1220 Programs for the Students with Mental Disabilities	1,270,834	803,050	460,746		7,037			
1223 Community Transition Center	195,072	107,310	62,959		8		24,795	
1227 Extended school year instruction	19,879	15,653	4,064		163			
1229 Behavioral Program	323,275	204,117	115,404		3,753			
1250 Resource Rooms	1,289,162	819,009	454,343		15,811			
1283 District Alternative Education	425,921	238,959	136,097	15,672	35,192			
1291 English Second Language Programs	902,310	540,169	359,033		3,107			
Total Instruction	<u>17,253,419</u>	<u>10,392,761</u>	<u>5,805,715</u>	<u>305,705</u>	<u>716,194</u>		<u>33,044</u>	
Support Services								
2112 Attendance Services	64,306	37,017	27,289					
2114 Student Accounting Services	199,430	112,924	85,282		1,225			
2115 Student Safety	72,240			72,240				
2122 Counseling Services	546,725	338,505	199,713	1,443	7,065			
2130 Health Services	144,964	84,573	43,350	3,537	13,369		135	
2160 Other Student Treatment Services	54,306			54,306				
2190 Service Direction: Student Support Services	207,877	114,868	55,331	36,462	95		1,121	
2211 Service Area Direction	255,125	155,238	92,247	1,854	4,531		1,255	
2213 Curriculum Development	51,636	35,384	12,276	250	3,726			
2220 Educational Media Services	449,739	235,715	178,520	2,189	33,079		235	
2230 Assessment and Testing	50,308	42,210	6,101		1,997			
2240 Instructional Staff Development	44,266	1,801	27,893	1,902	12,670			
2244 Administrative Staff Development	13,745		13,745					
2310 Board of Education Services	95,047			85,024	2,448		7,575	
2321 Office of Superintendent Services	355,960	210,753	129,174	12,331	2,565		1,136	
2329 Other Executive Administrative Services	38,732			30,915	7,817			
2410 Office of the Principal Services	2,341,514	1,308,054	820,019	127,118	77,386		8,937	
2520 Fiscal Services	474,893	271,981	135,324	30,788	34,534		2,266	
2528 Risk Management Services	74,061						74,061	
2542 Care and Upkeep of Buildings Services	2,484,828	884,216	572,881	786,424	107,385		133,923	
2543 Care and Upkeep of Grounds Services	73,496	10,941	1,576	14,879	46,101			
2544 Maintenance	1,097,983	485,798	288,718	44,693	166,529	103,385	8,861	

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

GENERAL FUND (100)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2015

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
2546 Security Services	3,877			3,877				
2552 Student Transportation Services	1,928,421	798,643	621,598	45,125	220,946	217,123	24,986	
2572 Purchasing Services	32,284	15,248	9,657		7,379			
2573 Warehousing and Distributing Services	6,361	4,671	1,690					
2623 Evaluation Services	10,500			10,500				
2633 Public Information Services	33,256			32,979	277			
2640 Personnel Services	456,343	289,439	130,605	8,703	26,571		1,025	
2642 Recruitment and Placement Services	11,542			4,990	553		5,999	
2645 Health Services	8,603			8,501	101			
2660 Technology Services	422,815	60,674	36,255	100,042	225,343		500	
2669 Other Technology Services	155,720			155,720				
2700 Supplemental Retirement Program	124,609	115,053	9,356				200	
Total Support Services	<u>12,385,513</u>	<u>5,613,706</u>	<u>3,498,600</u>	<u>1,676,793</u>	<u>1,003,692</u>	<u>320,508</u>	<u>272,214</u>	
<u>Enterprise and Community Services</u>								
3320 Community Recreation Services	37,500			37,500				
3330 Civic Services	519				519			
3390 Other Community Services	11,312	6,383	4,278	54	598			
Total Enterprise and Community Services	<u>49,331</u>	<u>6,383</u>	<u>4,278</u>	<u>37,554</u>	<u>1,116</u>			
<u>Other Uses</u>								
5200 Transfer of Funds	2,373,822							2,373,822
Total Other Uses	<u>2,373,822</u>							<u>2,373,822</u>
Grand Totals	<u>\$ 32,062,084</u>	<u>\$ 16,012,850</u>	<u>\$ 9,308,593</u>	<u>\$ 2,020,051</u>	<u>\$ 1,721,003</u>	<u>\$ 320,508</u>	<u>\$ 305,257</u>	<u>\$ 2,373,822</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SPECIAL REVENUE FUNDS (200)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2015

<u>Instruction</u>	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
1111 Primary (K-3)	\$ 53,893	\$ 172	\$ 52	\$	\$ 52,947	\$	\$ 723	\$
1113 Elementary Extra-curricular	5,471	3,400	1,776		296			
1121 Middle/Junior High Programs	173,137	62,569	39,904	20,000	38,820	11,845		
1122 Middle/Junior High School Extracurricular	48,237	7,025	2,966	235	38,011			
1131 High School Programs	60,622	961	239	225	58,957		240	
1132 High School Extra-curricular	261,267	3,550	2,073	30	255,615			
1220 Programs for the Students with Mental Disabilities	214,301	104,289	105,802		4,211			
1223 Community Transition Center	165,168	39,973	27,375	96,498	1,322			
1229 Behavioral Program	76,126	36,417	39,709					
1250 Resource Rooms	11,297	5,910	510		4,877			
1260 Treatment and Rehabilitation	74,730			74,730				
1272 Title I-A Grants to LEAs	794,827	472,086	243,517	6,927	69,045		3,252	
1283 District Alternative Education Instruction	164,612	102,449	54,014	1,776	6,373			
1291 English Second Language Programs	8,652	6,462	2,190					
1296 Indian Education	64,932	43,183	20,762	987				
1460 Special Summer Program	14,749	10,811	3,677		261			
Total Instruction	2,192,025	899,257	544,566	201,407	530,735	11,845	4,215	
<u>Support Services</u>								
2110 Attendance and Social Work Services								
2112 Attendance Services	60,679	44,540	15,785		354			
2115 Student Safety and Security	4,798	4,421	377					
2119 Other Attendance and Social Work Services	12,288	8,674	2,366	941	306			
2122 Counselor Services	28,312	21,045	4,535		2,732			
2129 Other Guidance Services	110,810	66,605	41,778	387	2,040			
2150 Speech Pathology & Audiology Services	85,824	42,568	43,211	44				
2160 Other Student Treatment Services	98,755			98,755				
2211 Service Area Direction	807,145	507,820	292,953	1,160	5,213			
2240 Instructional Staff Development	502,523	157,633	39,233	288,677	16,981			
2410 Office of the Principal Services	147,568	89,770	56,415	1,383				
2542 Care and Upkeep of Building Services	387	345	42					
2552 Student Transportation Services	29,460	2,464	935	26,061				
2640 Staff Services	1,888	1,404	484					
2645 Health Services for Employees	11,914	1,774	344		9,796			
2660 Technology Services	17,275				17,275			
2690 Other Support Services	181,101						181,101	
Total Support Services	2,100,728	949,063	498,457	417,409	54,696		181,101	

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

SPECIAL REVENUE FUNDS (200)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2015

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<u>Enterprise and Community Services</u>								
3100 Food Services	2,094,960	598,852	500,332	11,527	983,015		1,235	
3330 Civil Services	84,153	43,178	32,011	28	8,936			
3390 Other Community Services	6,414	1,960	637	2,912	906			
3501 Child Care Provider Services	90,395	60,565	28,355	175	988		312	
Total Enterprise and Community Services	<u>2,275,922</u>	<u>704,555</u>	<u>561,335</u>	<u>14,641</u>	<u>993,844</u>		<u>1,547</u>	
 Grand Totals	<u>\$ 6,568,675</u>	<u>\$ 2,552,875</u>	<u>\$ 1,604,359</u>	<u>\$ 633,458</u>	<u>\$ 1,579,275</u>	<u>\$ 11,845</u>	<u>\$ 186,863</u>	<u>\$</u>

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

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

YEAR ENDED JUNE 30, 2015

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<u>Other Uses</u>								
5110 Debt Service	\$ 3,505,050	\$	\$	\$	\$	\$	\$ 3,505,050	\$
Other Uses	<u>3,505,050</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>3,505,050</u>	<u> </u>
 Grand Totals	 <u>\$ 3,505,050</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$ 3,505,050</u>	 <u>\$</u>

SCHOOL DISTRICT NO. 509J
Jefferson County, Oregon

CAPITAL PROJECTS FUNDS (400)
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2015

	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
<u>Facilities Acquisition & Construction</u>								
4150 Building Acquisition-Major Add-on	\$ 7,580,672	\$ 45,032	\$ 24,052	\$ 223,314	\$ 454,849	\$ 6,831,023	\$ 2,401	\$
4180 Other Capital Items	95,907				95,907			
Total Facilities Acquisition & Construction	<u>7,676,580</u>	<u>45,032</u>	<u>24,052</u>	<u>223,314</u>	<u>550,757</u>	<u>6,831,023</u>	<u>2,401</u>	<u></u>
 Grand Totals	 <u>\$ 7,676,580</u>	 <u>\$ 45,032</u>	 <u>\$ 24,052</u>	 <u>\$ 223,314</u>	 <u>\$ 550,757</u>	 <u>\$ 6,831,023</u>	 <u>\$ 2,401</u>	 <u>\$</u>

**AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
School District 509J
Jefferson County, Oregon

We have audited the basic financial statements of the School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2015, and have issued our report thereon dated October 16, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

We noted certain matters that we have reported to management of the District in a separate letter dated October 16, 2015.

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



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

October 16, 2015

SINGLE AUDIT COMPLIANCE



**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
School District No. 509J
Jefferson County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 16, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

**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* - continued**

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the District in a separate letter dated October 16, 2015.

Purpose of this Report

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



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

October 16, 2015



**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited School District No. 509J, Jefferson County, Oregon (the District's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2015.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 - continued**

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

October 16, 2015

JEFFERSON COUNTY SCHOOL DISTRICT 509-J
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures	District Fund
<u>DEPARTMENT OF AGRICULTURE</u>				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553		\$ 471,267	280
National School Lunch Program	10.555		1,094,987	280
National School Lunch - Commodities	10.555		130,289	280
Child and Adult Care Food Program	10.558		88,137	270
Summer Food Service Program for Children - Commodities	10.559		401	260
Summer Food Service Program for Children	10.559		64,809	260
Passed through Jefferson and Wasco Counties:				
Schools and Roads - Grants to Counties	10.666		91,835	100
TOTAL DEPARTMENT OF AGRICULTURE			<u>1,941,725</u>	
<u>DEPARTMENT OF DEFENSE</u>				
Junior Reserve Officers' Training Corps	12.11JROTC		61,380	100
TOTAL DEPARTMENT OF DEFENSE			<u>61,380</u>	
<u>DEPARTMENT OF THE INTERIOR</u>				
Passed through Confederated Tribes of Warm Springs				
Indian Education Assistance to Schools	15.130		3,599	206
TOTAL DEPARTMENT OF THE INTERIOR			<u>3,599</u>	
<u>DEPARTMENT OF TRANSPORTATION</u>				
Passed through Jefferson County				
Highway Planning and Construction	20.205		4,798	221
TOTAL DEPARTMENT OF TRANSPORTATION			<u>4,798</u>	
<u>DEPARTMENT OF EDUCATION</u>				
Impact Aid	84.041		2,165,658	100-118
Indian Education Grants to Local Education Agencies	84.060		192,784	205
Passed through State Department of Education				
Title I Grants to Local Education Agencies				
No Child Left Behind	84.010	25268	10,986	203
		28148	173,000	203
		32604	933,798	203
School Improvement Grants		28322	3,085	211
		32751	32,274	211
		34263	38,975	211
Special Education - Grants to States				
	84.027	28467	429,230	213
		31847	900	213
		32129	2,252	213
		33179	2,652	213
		33294	198,011	213

JEFFERSON COUNTY SCHOOL DISTRICT 509-J
Jefferson County, Oregon

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures	District Fund
Special Education - Preschool Grant	84.173	28868	11,289	213
Title VI Rural Education	84.358	26101 29928 33851	2,041 27,689 38,680	258 258 258
Title III English Language Acquisition Grant	84.365	32333 25132	60,824 8,872	216 216
Title II-A Improving Teacher Quality State Grants	84.367	25494 28664 32928	35,953 59,030 100,372	261 261 261
Title 1-A School Improvement Grants	84.377	28055 31396	82,161 592,407	214 214
Passed through ESDs				
Education of Migratory Children	84.011		7,944	227
Perkins	84.048		5,620	100
McKinney-Vento Homeless Assistance Act	84.196		6,644	226
TOTAL DEPARTMENT OF EDUCATION			<u>5,223,129</u>	
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Oregon Employment Department				
Child Care and Development Grant Discretionary	93.575		6,945	232
Passed through Oregon Children, Adults and Families				
Social Services Block Grant	93.667		<u>147,223</u>	223
TOTAL DEPT OF HEALTH AND HUMAN SERVICES			<u>154,168</u>	
<u>GENERAL SERVICES ADMINISTRATION</u>				
Passed through Oregon Employment Department	39.003		<u>8,691</u>	
TOTAL GENERAL SERVICES ADMINISTRATION			<u>8,691</u>	
TOTALS			<u><u>\$ 7,397,489</u></u>	

Passed through to Crook County - \$45,255.29 and Heart of Oregon - \$24,918.02