

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

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2016**

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

**SCHOOL OFFICIALS**

**JUNE 30, 2016**

Board Chair

Tom Norton, Jr.  
Madras, Oregon

Board Members

Laurie Danzuka  
Vice Chair  
Warm Springs, Oregon

Lyle Rehwinkel  
Madras, Oregon

Board Members

Stan Sullivan  
Madras, Oregon

Courtney Snead  
Madras, Oregon

School Superintendent

Rick Molitor  
Madras, Oregon

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**Jefferson County, Oregon**

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**INDEPENDENT AUDITORS' REPORT**



Board of Directors  
School District 509J  
Jefferson County, Oregon

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2016, 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 16, 2015, 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, 2016, 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 Supplementary Information as listed in the table of contents and 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 Other Financial Schedules and Supplemental Information Required by Oregon Department of Education, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2016 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 11, 2016, 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  
Bend, Oregon

October 11, 2016



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

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, 2016. We encourage readers to consider the information presented here in conjunction with the balance of information presented in this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the liabilities of the District exceeded its assets at June 30, 2016 by \$1,653,899. Of this amount, \$14,228,794 represents the District's investment in capital assets net of debt service, \$493,083 is restricted for debt service, and \$55,357 is restricted with donor requirements leaving a deficit of \$16,431,133 in unrestricted.
- The District's total net position decreased by \$10,440,405 from prior year ended June 30, 2015, primarily attributed to the change in the District's PERS pension liability.
- The District's governmental funds reported combined ending fund balance of \$11,112,500 of which approximately \$2,813,480 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 \$2,840,852, or about 9% of total general fund expenditures and transfers (page 14, 16).
- The District's total bonded debt decreased by \$1,662,605 during the 2015-16 fiscal year. The decrease was attributed to the payment of long term debt obligations and amortization of bond premium.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

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

**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, 2016**

**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,	
	2016	2015
Assets		
Current and other assets	\$ 14,641,887	\$ 20,958,506
Capital assets (net)	49,692,520	50,950,626
Total assets	64,334,407	71,909,132
Deferred Outflows	2,615,541	2,434,961
Liabilities		
Other liabilities	3,535,241	6,339,804
Long-term liabilities	61,477,995	48,288,570
Total liabilities	65,013,236	54,628,374
Deferred Inflows	3,590,611	10,929,213
Net Position		
Investment in capital assets, net of related debt	14,228,794	14,073,268
Restricted	548,440	768,553
Unrestricted	(16,431,133)	(6,055,315)
Total net position	\$ (1,653,899)	\$ 8,786,506

Capital assets, which consist of the District's land, buildings, building improvement, vehicles, and equipment, represent 74.8% of total assets. The remaining assets consist primarily of cash, investments, and receivables.

The District's largest liabilities (70.4%) are for repayment of general obligation bonds and pension bonds.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

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

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

**Statement of Activities.** The following schedule compares the revenues and expenditures for the current and previous year.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 1,036,445	\$ 924,295
Operating grants and contributions	5,785,923	6,198,408
Total program revenues	<u>6,822,368</u>	<u>7,122,703</u>
General revenues		
Property taxes levied for general purposes	4,081,879	3,856,841
Property taxes levied for debt service	2,309,096	2,379,261
County School Fund	49,453	44,930
State school fund general support	22,800,695	24,608,848
Common school fund	299,102	247,829
Unrestricted federal sources	2,474,682	2,257,493
Sale of capital assets	50,619	(1,697,979)
Earnings on investments	109,928	101,061
Miscellaneous	190,040	189,792
Total general revenues	<u>32,365,494</u>	<u>31,988,076</u>
Total revenues	<u>\$ 39,187,862</u>	<u>\$ 39,110,779</u>
<b>EXPENSES</b>		
Instruction	\$ 26,973,135	\$ 16,325,987
Support services	17,951,738	11,530,085
Community services	2,869,630	2,001,270
Facilities acquisition and construction	13,604	550,757
Interest on long-term debt	1,820,162	1,859,850
Total expenses	<u>49,628,269</u>	<u>32,267,949</u>
Change in net assets	(10,440,405)	6,842,832
Net position - beginning	8,786,506	1,943,674
Net position - ending	<u>\$ (1,653,899)</u>	<u>\$ 8,786,506</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

At June 30, 2016 the District's governmental funds reported combined ending fund balances of \$11,112,500. Approximately \$2,813,480 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 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
General Fund	\$ 10,312,249	\$ 11,008,658	\$ (696,409)
Special Revenue Fund	307,168	234,109	73,059
Debt Service Fund	<u>493,083</u>	<u>718,668</u>	<u>(225,585)</u>
	<u>\$ 11,112,500</u>	<u>\$ 11,961,435</u>	<u>\$ (848,935)</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The School Board approved changes to the adopted budget for fiscal year ended June 30, 2016. 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 \$2,151,259 of which \$1,068,965 is for instruction, \$851,378 is for support services and community services and \$188,438 is for building acquisition and construction.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. During the year the District's net investment in capital assets decreased by \$1,258,106. The decrease is attributed to depreciation expense and the sale of land. The summary of net investment in capital assets is as follows:

	Net Value	
	2016	2015
Land	\$ 2,604,701	\$ 2,614,251
Construction in progress	19,117	106,235
Buildings and improvements	45,492,036	46,894,161
Vehicles and equipment	1,576,666	1,335,979
Total capital assets	<u>\$ 49,692,520</u>	<u>\$ 50,950,626</u>

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

**Long-term liabilities.** At the end of the fiscal year the District had \$58,658,974 in long-term liabilities, consisting of \$44,026,901 of long-term debt for the construction of a K-8 school in Warm Springs, the construction of the performing arts center and improvements to various District properties and pension obligation bonds to satisfy unfunded liability for employee retirement obligations, PERS net pension liability of \$12,765,490, post-employment benefits of \$1,560,881 and state school overpayment of \$305,696.

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, 2016 the State School Fund provided 55.1% of the revenue for the governmental funds and 70.2% of the funding for the general fund.
- Salaries and benefits costs are expected to increase in fiscal year 2016-2017 based on contractual obligations. PERS employer contribution rates, effective July 1, 2017 will significantly increase for all funds from current rates.
- The District will be opening an alternative high school in fiscal year 2016-2017 to provide additional educational opportunities to students.
- The District's enrollment is expected to remain flat over fiscal year 2015-2016.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2016**

- The District received a three-year school improvement grant for the Warm Springs K-8 Academy beginning in fiscal year 2014-2015. The grant will provide over \$1,600,000 in funding for the three-year period.
- The District received a three-year elementary counseling grant in fiscal year 2015-2016. The grant will provide over \$1,191,643 over a three year period.

All of these factors were considered by the District Board and Budget Committee in preparing the Jefferson County School District 509-J budget for the 2016-2017 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, 2016**

	2016	2015
<b>ASSETS</b>		
Cash and investments	\$ 13,116,633	\$ 13,631,345
Receivables	1,494,931	1,817,154
Inventory	30,323	67,739
Prepaid expense		
Capital assets, net of accumulated depreciation		
Land	2,604,701	2,614,251
Construction in progress	19,117	106,234
Buildings and improvements	45,492,036	46,894,163
Vehicles and equipment	1,576,666	1,335,978
Net pension asset		5,442,268
<b>TOTAL ASSETS</b>	<b>64,334,407</b>	<b>71,909,132</b>
<b>DEFERRED OUTFLOWS</b>		
Pension related	2,615,541	2,434,961
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>2,615,541</b>	<b>2,434,961</b>
<b>LIABILITIES</b>		
Accounts payable	376,395	355,795
Accrued salaries and benefits	1,811,512	1,938,856
Accrued interest payable	1,345,006	1,472,494
Deposits	2,328	3,474
Noncurrent liabilities due within one year		
State school fund overpayment	991,215	804,661
Early retirement benefits payable	72,358	101,919
Bonds payable	1,755,448	1,662,605
Noncurrent liabilities due within more than one year		
State school fund overpayment	305,696	965,696
Early retirement benefits payable	152,038	192,827
Accrued compensated absences payable	92,333	86,304
Other postemployment benefit obligation	1,316,516	1,261,394
Bonds payable, net of unamortized premium/discount	44,026,901	45,782,349
Net pension liability	12,765,490	
<b>TOTAL LIABILITIES</b>	<b>65,013,236</b>	<b>54,628,374</b>
<b>DEFERRED INFLOWS</b>		
Debt refunding proceeds	15,478	18,574
Pension related	3,547,480	10,851,536
Unearned revenue	27,653	59,103
<b>TOTAL DEFERRED INFLOWS</b>	<b>3,590,611</b>	<b>10,929,213</b>
<b>NET POSITION</b>		
Net investment in capital assets	14,228,794	14,073,268
Restricted for:		
Debt service	493,083	718,668
Federal and state grants	55,357	40,000
Unrestricted	(16,431,133)	(6,045,430)
<b>TOTAL NET POSITION</b>	<b>\$ (1,653,899)</b>	<b>\$ 8,786,506</b>

See notes to financial statements

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

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2016	2015
Governmental activities:					
Instruction					
Regular programs	\$ 20,119,893	\$ 613,520	\$ 184,907	\$ (19,321,466)	\$ (10,821,075)
Special programs	6,837,288		1,458,387	(5,378,901)	(3,003,161)
Summer school programs	15,953		12,109	(3,844)	4,098
Total direct classroom services	26,973,134	613,520	1,655,403	(24,704,211)	(13,820,138)
Support Services					
Student support services	2,479,659	46,878	584,886	(1,847,895)	(841,590)
Instructional staff support	2,558,418		1,127,135	(1,431,283)	(374,142)
General administration	634,662			(634,662)	(395,757)
School administration	3,325,944		80,747	(3,245,197)	(1,753,848)
Business support services	7,483,933	192,110	94,726	(7,197,097)	(4,703,935)
Central activities	1,436,088	119,609	189,050	(1,127,429)	(896,413)
Supplemental retirement program	33,033			(33,033)	(122,296)
Total support services	17,951,737	358,597	2,076,544	(15,516,596)	(9,087,981)
Enterprise and Community Services					
Food service	2,506,642	19,138	1,958,953	(528,551)	98,067
Community services	234,163		88,103	(146,060)	(23,252)
Children and family services	128,825	45,190	6,920	(76,715)	(18,441)
Total enterprise and community services	2,869,630	64,328	2,053,976	(751,326)	56,374
Facilities Acquisition and Construction					
Building construction planning	13,604			(13,604)	(433,651)
Interest on long-term debt					
	1,820,162			(1,820,162)	(1,859,850)
Total governmental activities					
	\$ 49,628,267	\$ 1,036,445	\$ 5,785,923	(42,805,899)	(25,145,246)
General revenues:					
Property taxes levied for general purposes				4,081,879	3,856,841
Property taxes levied for debt service				2,309,096	2,379,261
County School Fund				49,453	44,930
State school fund - general support				22,800,695	24,608,848
Schools and Roads - grants to counties (federal forest receipts)				97,895	91,835
Common school fund				299,102	247,829
Impact Aid				2,376,787	2,165,658
Federal flood control					
Gain (loss) on sale of capital assets				50,619	(1,697,979)
Earnings on investments				109,928	101,061
Miscellaneous				190,040	189,794
Total general revenues				32,365,494	31,988,078
<b>CHANGE IN NET POSITION</b>				(10,440,405)	6,842,832
Net Position - beginning				8,786,506	1,943,674
Net Position - ending				\$ (1,653,899)	\$ 8,786,506

See notes to financial statements

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

<u>ASSETS</u>	General	Special Revenues	Debt Service	Totals	
				2016	2015
Cash and investments	\$ 12,317,174	\$ 333,328	\$ 466,132	\$ 13,116,634	\$ 13,631,345
Receivables					
Property taxes	239,022		148,705	387,727	447,893
Other	241,460			241,460	355,523
Reimbursement claims		865,745		865,745	1,013,738
Due from other funds	529,714			529,714	670,433
Prepaid expenditures					
Inventory		30,323		30,323	67,739
<b>Total assets</b>	<b>\$ 13,327,370</b>	<b>\$ 1,229,396</b>	<b>\$ 614,837</b>	<b>\$ 15,171,603</b>	<b>\$ 16,186,671</b>
<u>LIABILITIES</u>					
Liabilities					
Accounts payable	\$ 285,014	\$ 91,382	\$	\$ 376,396	\$ 355,795
Accrued payroll liability	1,535,221	276,291		1,811,512	1,938,856
Retainage payable					
State school fund overpayment	991,215			991,215	804,661
Deposits	1,125	1,203		2,328	3,474
Due to other funds		529,714		529,714	670,433
<b>Total liabilities</b>	<b>2,812,575</b>	<b>898,590</b>		<b>3,711,165</b>	<b>3,773,219</b>
<u>DEFERRED INFLOWS</u>					
Unavailable property taxes	198,531		121,754	320,285	392,914
Unearned revenue	4,015	23,638		27,653	59,103
<b>Total deferred inflows</b>	<b>202,546</b>	<b>23,638</b>	<b>121,754</b>	<b>347,938</b>	<b>452,017</b>
<u>FUND BALANCES</u>					
Fund balances					
Nonspendable:					
Inventory		30,323		30,323	67,739
Restricted for:					
Federal programs		52,406		52,406	
State and local grants and donations		725		725	
Debt service			493,083	493,083	718,668
Committed to:					
Bus replacement	972,653			972,653	805,669
Equipment replacement	426,132			426,132	317,463
Employee Wellness	14,534			14,534	
Maintenance projects	869,584			869,584	904,365
Performing arts center fund	9,000			9,000	32,322
Stabilization of general fund	667,812			667,812	2,213,746
Technology replacement fund	150,395			150,395	73,927
Textbook replacement plan fund	700,192			700,192	38,331
Warm Springs housing	68,004			68,004	65,848
Warm Springs facility	426,334			426,334	426,334
Student activities		194,277		194,277	184,224
Assigned for:					
Onsite child care		56,809		56,809	9,885
Appropriated ending fund balance	3,166,757			3,166,757	3,014,493
Unassigned	2,840,852	(27,372)		2,813,480	3,088,421
<b>Total fund balances</b>	<b>10,312,249</b>	<b>307,168</b>	<b>493,083</b>	<b>11,112,500</b>	<b>11,961,435</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 13,327,370</b>	<b>\$ 1,229,396</b>	<b>\$ 614,837</b>	<b>\$ 15,171,603</b>	<b>\$ 16,186,671</b>

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, 2016**

<b>TOTAL FUND BALANCES (Page 13)</b>		\$ 11,112,500
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital Assets	\$ 74,761,919	
Construction in Progress	19,117	
Accumulated Depreciation	<u>(25,088,516)</u>	49,692,520
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.		320,285
Current liabilities not payable in the current year are not reported as governmental fund liabilities:		
Anticipated reduction in state school fund		(305,696)
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		(12,765,490)
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	2,615,541	
Debt refunding proceeds	(15,478)	
Changes in actuarial assumptions and other items related to pensions	<u>(3,547,480)</u>	(947,417)
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	(1,345,006)	
Bonds payable	(42,713,233)	
Unamortized portion of bond issuance premium	(3,069,117)	
Compensated absences payable	(92,333)	
Early retirement benefits payable	(224,396)	
Other postemployment benefits obligation	<u>(1,316,516)</u>	<u>(48,760,601)</u>
<b>TOTAL NET POSITION (Page 12)</b>		<u><u>\$ (1,653,899)</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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	General	Special Revenue	Debt Service	Totals	
				2016	2015
<u>Revenues</u>					
Local Sources					
Property taxes	\$ 4,118,740	\$	\$ 2,344,863	\$ 6,463,603	\$ 6,263,576
Investment earnings	97,320	146	12,462	109,928	101,263
Admissions	20,312			20,312	19,268
PERS bond assessment	1,032,707			1,032,707	977,707
Miscellaneous	700,226	568,447		1,268,673	1,273,324
Intermediate sources					
County school fund	49,452			49,452	44,930
Grants	74,091	15,866		89,957	96,680
State sources					
State school fund	22,124,916	15,779		22,140,695	23,898,848
Common school fund	299,101			299,101	247,829
Grants		135,789		135,789	798,104
Federal grants	2,541,497	5,430,863		7,972,360	7,397,490
Total revenues	<u>31,058,362</u>	<u>6,166,890</u>	<u>2,357,325</u>	<u>39,582,577</u>	<u>41,119,019</u>
<u>Expenditures</u>					
Current					
Instruction	17,326,840	2,026,830		19,353,670	19,433,598
Support services	12,407,457	2,013,001		14,420,458	14,165,733
Enterprise and community services	103,306	2,306,851		2,410,157	2,325,253
Building acquisition and construction	211,562			211,562	845,557
Capital outlay	476,677	5,808		482,485	7,163,376
Debt service					
Principal			1,411,500	1,411,500	1,328,630
Interest			2,201,849	2,201,849	2,176,420
Total expenditures	<u>30,525,842</u>	<u>6,352,490</u>	<u>3,613,349</u>	<u>40,491,681</u>	<u>47,438,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>532,520</u>	<u>(185,600)</u>	<u>(1,256,024)</u>	<u>(909,104)</u>	<u>(6,319,548)</u>
<u>Other financing sources (uses)</u>					
Operating transfers in		258,659	1,030,439	1,289,098	1,501,414
Operating transfers out	(1,289,098)			(1,289,098)	(1,501,414)
Bond Proceeds					
Premium on bond proceeds					
Proceeds from sale of assets	60,169			60,169	98,864
Total other financing sources and (uses)	<u>(1,228,929)</u>	<u>258,659</u>	<u>1,030,439</u>	<u>60,169</u>	<u>98,864</u>
Net change in fund balances	(696,409)	73,059	(225,585)	(848,935)	(6,220,684)
Fund balances - beginning of year	11,008,658	234,109	718,668	11,961,435	18,182,119
Fund balances - end of year	<u>\$ 10,312,249</u>	<u>\$ 307,168</u>	<u>\$ 493,083</u>	<u>\$ 11,112,500</u>	<u>\$ 11,961,435</u>

See notes to financial statements

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

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

**YEAR ENDED JUNE 30, 2016**

<b>NET CHANGE IN FUND BALANCES (Page 16)</b>	\$	(848,935)
<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
<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	801,629	
Disposal of capital assets, net of accumulated depreciation	(9,550)	
Less current year depreciation	(2,050,185)	(1,258,106)
<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		1,411,500
<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	70,350	
Accrued compensated absences	(6,029)	
Other postemployment benefits	(55,122)	
Net pension expense	(10,723,122)	(10,713,923)
<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	3,095	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>		
		127,488
<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>		
		(72,629)
<b>CHANGE IN NET POSITION (Page 13)</b>	<b>\$</b>	<b>(10,440,405)</b>



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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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, two K-8 schools and three elementary schools with an approximate total enrollment of 2,900 students. The District is governed by a separately elected five-member Board of Directors who approve administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the financial statements.

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

**Government-wide and Fund Financial Statements**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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 \$548,440 of restricted net position, of which \$493,083 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, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

The District reports the following major governmental funds:

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

The Special Revenue Fund accounts for revenues derived from federal, state and local grants and student activity funds which are restricted, committed or assigned for various grants, student activities and programs.

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

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

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition and monies invested with the 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, 2016**

**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.

Tax revenue is considered received when in the hands of the county as the intermediary collecting agency. Taxes not paid timely are subject to interest penalties and the applicable property is subject to lien, thus no allowance for uncollectible property taxes is considered necessary. All property taxes receivable are due from property owners within the District.

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal and state grants. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures and those not received within the availability period for modified accrual are recorded as deferred inflows.

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Compensated Absences**

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

**Retirement Plans**

Substantially all of the District's employees are participants in Oregon PERS. For governmental funds, contributions to Oregon PERS are made on a current basis as required by the plan and are charged to expenses/expenditures. Government-wide statements report the District's estimated proportionate share of the overall unfunded system liability, which is more fully described in Note 11.

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 \$36,040.

**Early Retirement Benefits**

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

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

The program is limited to those employees who were hired prior to December 31, 1994.

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

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

**Long-Term Obligations**

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

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

**Fund Equity**

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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, 2016**

**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  
Employee Wellness  
Warm Springs Housing  
PAC Fund  
Maintenance Projects

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

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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	\$ 664,346
Investments	
LGIP	9,959,130
Jefferson and Wasco Counties Investment Pool	<u>2,493,157</u>
Total shown on Statement of Net Position	<u>\$ 13,116,633</u>

**Deposits**

At June 30, 2016 the District held cash of \$664,346 with a bank balance of \$1,202,654. 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, 2016 the District's cash balances exceeded FDIC insurance by \$541,074.

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, 2016, was \$1,425,656,743 for reported uninsured public funds of \$2,060,399,665. 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, 2016**

**NOTE 3 - CASH AND INVESTMENTS - continued**

**Investments**

As of June 30, 2016 the District held the following investments:

Investment Type	Fair Value	% of investment portfolio
Local Government Investment Pool	\$ 9,959,130	79.98%
Jefferson and Wasco Counties Investment Pool	2,493,157	20.02%
	\$ 12,452,287	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. 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, 2016**

**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, 2016. 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, 2016**

**NOTE 3 - CASH AND INVESTMENTS – continued**

**Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no investments that are measured using Level 1 or Level 3 inputs.

Fair value measurements of the District's investments are as follows as of June 30, 2016:

- Local Government Investment Pool valued at \$9,959,130. The LGIP states in their footnotes that their investments are measured based on the latest bid prices or evaluated quotes from independent pricing vendors (Level 2 inputs).
- Jefferson and Wasco Counties Investment Pools valued at \$2,493,157 based on the carrying value of the investment approximating fair value (Level 2 inputs).

**NOTE 4 – TAX COLLECTIONS**

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

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

	General Fund		
	Jefferson	Wasco	Total
Levy per notice of levy	\$ 4,215,299	\$ 104,736	\$4,320,035
Truncation gain (loss)	2		2
Compression loss	(152,476)	(3,617)	(156,093)
Levy as extended on tax rolls	\$ 4,062,825	\$ 101,119	\$4,163,944
	Debt Service Fund		
	Jefferson	Wasco	Total
Levy as extended on tax rolls	\$ 2,294,893	\$ 55,559	\$2,350,452

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, 2016**

**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, 2016:

Property taxes	\$ 387,727
Grants	1,057,604
Other	49,600
	<u>\$ 1,494,931</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	\$ 529,714	\$
Special Revenue Fund		529,714
	<u>\$ 529,714</u>	<u>\$ 529,714</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 2,614,251	\$	\$ 9,550	\$ 2,604,701
Construction in progress	106,235	1,358	88,476	19,117
Total capital assets not being depreciated	<u>2,720,486</u>	<u>1,358</u>	<u>98,026</u>	<u>2,623,818</u>
Capital assets being depreciated				
Building and improvements	65,762,649	412,069		66,174,718
Vehicles and equipment	5,505,821	476,678		5,982,499
Total capital assets being depreciated	<u>71,268,470</u>	<u>888,747</u>		<u>72,157,217</u>
Less accumulated depreciation for				
Buildings and improvements	18,868,488	1,814,196		20,682,684
Vehicles and equipment	4,169,842	235,989		4,405,831
Total accumulated depreciation	<u>23,038,330</u>	<u>2,050,185</u>		<u>25,088,515</u>
Total capital assets being depreciated, net	<u>48,230,140</u>	<u>(1,161,438)</u>		<u>47,068,702</u>
Total capital assets, net	<u>\$ 50,950,626</u>	<u>\$ (1,160,080)</u>	<u>\$ 98,026</u>	<u>\$ 49,692,520</u>

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

Instruction	\$ 1,888,180
Special programs	2,639
Business services	150,847
Enterprise and community services	8,519
	<u>\$ 2,050,185</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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, 2016 was \$105,367. The future minimum lease payments for the machines are as follows:

Year Ending June 30,	Amount
2017	\$ 107,596
2018	103,846
2019	46,313
2020	1,064
Total	\$ 258,819

**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
<b>Bonds Payable</b>					
General obligation bonds	\$ 33,485,000	\$	\$ 1,160,000	\$ 32,325,000	\$ 1,250,000
Limited tax pension obligation bonds	10,639,734		251,500	10,388,234	254,343
Unamortized premium/discount	3,320,221		251,105	3,069,116	251,105
	47,444,955		1,662,605	45,782,350	1,755,448
<b>Other Liabilities</b>					
Early retirement benefits	294,746	25,661	96,010	224,397	72,358
Other post employment benefits	1,261,394	179,415	124,293	1,316,516	
Accrued compensated absences	86,304	232,202	226,173	92,333	
State School Fund overpayment	1,770,357	331,215	804,661	1,296,911	991,215
Total	\$ 50,857,756	\$ 768,493	\$ 2,913,742	\$ 48,712,507	\$ 2,819,021

**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, 2016**

**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, 2016**

**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, 2016:

Type	Issue Date	Interest Rates	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Pension	October 31, 2002	2.06% to 6.1%	\$ 9,759,734	\$	\$ 251,500	\$ 9,508,234	\$ 254,343
Pension	January 31, 2012	2.75%	880,000			880,000	
General	May 23, 2013	1.25% to 5.0%	22,800,000		1,140,000	21,660,000	1,215,000
General	July 23, 2013	1.25% to 5.0%	10,685,000		20,000	10,665,000	35,000
Total			<u>\$44,124,734</u>	<u>\$</u>	<u>\$ 1,411,500</u>	<u>\$42,713,234</u>	<u>\$ 1,504,343</u>

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

	Balance	Bond Premium/ Discount, net	Statement of Net Assets
Current	\$ 1,504,343	\$ 251,005	\$ 1,755,348
Noncurrent	41,208,891	2,818,011	44,026,902
Total Bonds Payable	<u>\$ 42,713,234</u>	<u>\$ 3,069,016</u>	<u>\$ 45,782,250</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, 2016**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

Future bond maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,504,343	\$ 2,225,808	\$ 3,730,151
2018	1,585,195	2,264,068	3,849,263
2019	1,697,345	2,263,919	3,961,264
2020	1,821,351	2,260,813	4,082,164
2021	1,670,000	1,694,963	3,364,963
2021-2025	15,185,000	6,709,002	21,894,002
2026-2030	13,615,000	3,050,621	16,665,621
2031-2034	5,635,000	394,175	6,029,175
	<u>\$ 42,713,234</u>	<u>\$ 20,863,369</u>	<u>\$ 63,576,603</u>

The District is subject to statutory limitations on indebtedness. Presently the District's net bonded debt is \$59,282,759 less than the statutory debt limit. No interest was capitalized during 2016.

**Other Post-Employment Benefits**

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

The liability is funded on a pay-as-you-go basis by the general fund. The liability is measured at the discounted present value of expected future benefit payments using a discount rate of 2.85%. 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, 2016**

**NOTE 8 - LONG-TERM LIABILITIES - continued**

Future maturities of termination benefits payable are as follows:

Year Ending June 30,	Amount
2017	\$ 72,358
2018	45,296
2019	31,832
2020	20,610
2021	11,694
Thereafter	42,606
	\$ 224,396

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, 2016 are as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,289,098
Special Revenue Fund	258,659	
Debt Service Fund	1,030,439	
Total	\$ 1,289,098	\$ 1,289,098

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.

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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, 2016**

**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, 2016 and 2015:

	Fiscal Year-Ended	
	2016	2015
Employer's normal cost at year end	\$ 104,079	\$98,280
Amortization of UAAL	182,859	179,737
ARC	286,938	278,017
Interest on prior year OPEB obligation	44,149	42,353
Adjustments to ARC	(151,672)	(145,501)
Implicit benefit payments	(124,293)	(123,551)
OPEB obligation at beginning of year	1,261,394	1,210,076
OPEB obligation at end of year	\$ 1,316,516	\$ 1,261,394

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, 2016	\$ 179,415	69%	\$ 1,316,516
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, 2016**

**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, 2016**

**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. As of June 30, 2015 there were 919 participating employers and State Agencies. PERS issues a publicly available financial report which can be obtained on their website, [www.oregon.gov/PERS](http://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, 2015, there were 32,542 active plan members, 119,865 inactive plan members or their beneficiaries currently receiving benefits, 15,847 inactive plan members entitled to but not yet receiving benefits, and 10 inactive plan members not eligible for refund or retirement, for a total of 168,264 Tier One members. As of June 30, 2015, there were 41,275 active plan members, 10,890 inactive plan members or their beneficiaries currently receiving benefits, 15,400 inactive plan members entitled to but not yet receiving benefits, and 753 inactive plan members not eligible for refund or retirement, for a total of 68,318 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, 2015, there were 94,773 active plan members, 1,751 inactive plan members or their beneficiaries currently receiving benefits, 4,227 inactive plan members entitled to but not yet receiving benefits, and 8,549 inactive plan members not eligible for refund or retirement, for a total of 109,300 OPSRP Pension Program members.



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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**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, 2016, the District's total payroll for all employees was \$19,065,859. Total covered payroll was \$17,451,255. 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 One and Tier Two for the year ended June 30, 2016 was 13.99% of covered annual payroll. The rate for OPSRP for the year ended June 30, 2016 was 9.3%. 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, 2016 was \$1,927,161. In addition, employee contributions made by the District under employment contracts were \$1,004,639 employee contributions for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$12,765,490 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. 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, 2016**

**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 One/Tier Two 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. In determining the employer's projected long-term contribution effort to the Plan, the UAL component was adjusted for supplemental lump-sum payments made during the measurement period, if applicable.

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, 2016**

**NOTE 11 – PUBLIC RETIREMENT PLAN – continued**

For the year ended June 30, 2016, the District recognized pension expense of \$10,723,124. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 688,380	\$
Differences between projected and actual earnings on investment		2,675,936
Changes in employer proportionate share		304,861
Difference between employer contributions and employer's proportionate share of system contributions		566,683
District contributions subsequent to the measurement date	1,927,161	
Total	\$ 2,615,541	\$ 3,547,480

The \$1,927,161 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:

Year ending June 30,	
2017	\$ (1,332,248)
2018	(1,332,248)
2019	(1,332,248)
2020	1,129,384
2021	8,261
	\$ (2,859,099)

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75 percent
Salary increases	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Long-term expected 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. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees' mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined mortality sex-distinct table.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for 2014, published September 2015.

*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, 2016

**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 rate	Proportionate share of net pension liability (asset)
1% decrease	6.75%	\$ 30,809,036
Current discount rate	7.75%	12,765,490
1% increase	8.75%	(2,440,478)

*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.

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**

**NOTE 11 – PUBLIC RETIREMENT PLAN - continued**

*Deferred Items*

Deferred items are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2015, the following deferred items are reported:

- Difference between expected and actual experience, amortized over 5.4 years
- Changes in employer proportion since the prior measurement date, amortized over 5.4 years
- Net Difference between projected and actual earnings, amortized over a closed five-year period.
- Difference between employer contributions and proportionate share of contributions, amortized over 5.4 years.
- Employer contributions made after the measurement date.

**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. Testing of lead pipes during the summer showed no elevated lead levels.

**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, 2016**

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 11, 2016, the date on which the financial statements were available to be issued.

In October 2016, the District received notification of their PERS rates for the biennium covering fiscal year 2017-2019. Management estimates the new rates will result in a cost increase of approximately \$1,000,000 annually, based on fiscal year 2015-16 staffing levels, representing a 65% overall increase.

The District also received notice that the three-year federal counseling grant would be reduced in the final fiscal year (2017-18) by \$234,865, and received award of a federal Indian Children Demonstration grant in the amount of \$1,008,308 to be received over four fiscal years (fiscal years 2016-2020).

**REQUIRED SUPPLEMENTARY INFORMATION**



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

**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS**

**YEAR ENDED JUNE 30, 2016**

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, 2016**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<b>Revenues</b>						
Property taxes	\$ 3,895,000	\$ 3,895,000	\$ 4,118,740	\$	\$ 4,118,740	\$ 223,740
Investment earnings	50,000	50,000	97,320		97,320	47,320
Admissions	16,000	16,000	20,312		20,312	4,312
Other local sources	1,578,755	1,578,755	1,732,933		1,732,933	154,178
Intermediate sources	80,000	80,000	123,543		123,543	43,543
State sources	22,994,108	22,994,108	22,424,017		22,424,017	(570,091)
Federal sources	2,362,000	2,362,000	2,541,497		2,541,497	179,497
<b>Total revenues</b>	<b>30,975,863</b>	<b>30,975,863</b>	<b>31,058,362</b>		<b>31,058,362</b>	<b>82,499</b>
<b>Expenditures</b>						
<b>Current</b>						
Instruction	18,320,805	18,395,805	17,326,840		17,326,840	(1,068,965)
Support services	13,735,512	13,735,512	12,884,134	(476,677)	12,407,457	(851,378)
Community services	125,785	125,785	103,306		103,306	(22,479)
Facilities acquisition	400,000	400,000	211,562		211,562	(188,438)
Contingency	95,000	20,000				(20,000)
Capital outlay				476,677	476,677	
<b>Total expenditures</b>	<b>32,677,102</b>	<b>32,677,101</b>	<b>30,525,842</b>		<b>30,525,842</b>	<b>(2,151,259)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,701,238)	(1,701,238)	532,520		532,520	2,233,758
<b>Other financing sources (uses)</b>						
Operating transfers in	1,796,352	1,796,352	1,796,352	(1,796,352)		(0)
Operating transfers out	(3,109,607)	(3,109,607)	(3,085,450)	1,796,352	(1,289,098)	24,157
Gain on sale of capital assets			60,169		60,169	60,169
<b>Total other financing sources and (uses)</b>	<b>(1,313,255)</b>	<b>(1,313,255)</b>	<b>(1,228,929)</b>		<b>(1,228,929)</b>	<b>84,326</b>
Net change in fund balance	(3,014,493)	(3,014,493)	(696,409)		(696,409)	2,318,084
Fund balance - beginning of year	10,661,717	10,661,717	11,008,658		11,008,658	346,941
Fund balance - end of year	<u>\$ 7,647,224</u>	<u>\$ 7,647,224</u>	<u>\$ 10,312,249</u>	<u>\$</u>	<u>\$ 10,312,249</u>	<u>\$ 2,665,025</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, 2016**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Investment earnings	\$	\$	\$ 146	\$	\$ 146	\$ 146
Other local sources	426,652	409,657	568,447		568,447	158,790
Intermediate sources	7,266	21,336	15,866		15,866	(5,470)
State sources	66,850	187,249	151,568		151,568	(35,681)
Federal sources	5,698,445	5,871,264	5,430,863		5,430,863	(440,401)
<b>Total revenues</b>	<b>6,199,213</b>	<b>6,489,507</b>	<b>6,166,890</b>		<b>6,166,890</b>	<b>(322,617)</b>
<u>Expenditures</u>						
Current						
Instruction	2,134,596	2,220,092	2,026,830		2,026,830	(193,262)
Support services	2,123,528	2,179,798	2,013,001		2,013,001	(166,797)
Community services	2,257,437	2,383,049	2,312,659	(5,808)	2,306,851	(70,390)
Capital outlay				5,808	5,808	
<b>Total expenditures</b>	<b>6,515,561</b>	<b>6,782,939</b>	<b>6,352,490</b>		<b>6,352,490</b>	<b>(430,450)</b>
Excess (deficiency) of revenues over (under) expenditures	(316,348)	(293,432)	(185,600)		(185,600)	107,833
<u>Other financing sources (uses)</u>						
Operating transfers in	280,548	280,548	258,659		258,659	(21,889)
<b>Total other financing sources and (uses)</b>	<b>280,548</b>	<b>280,548</b>	<b>258,659</b>		<b>258,659</b>	<b>(21,889)</b>
Net change in fund balance	(35,800)	(12,884)	73,059		73,059	85,944
Fund balance - beginning of year	170,800	170,800	234,109		234,109	63,309
Fund balance - end of year	<u>\$ 135,000</u>	<u>\$ 157,916</u>	<u>\$ 307,168</u>	<u>\$</u>	<u>\$ 307,168</u>	<u>\$ 149,253</u>

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

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

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

**YEAR ENDED JUNE 30, 2016**

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
2016	0.222334%	\$ 12,765,490	\$ 17,451,255	73.1%	91.9%
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, 2016**

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
2016	\$ 1,927,161	\$ 1,927,161	\$	\$ 17,451,255	11.04%
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, 2016**

	Budgeted Amounts		Actuals			Variance with Final Budget Over (Under)
	Adopted	Final	Budget Basis	Adjustments	GAAP Basis	
<u>Revenues</u>						
Property taxes	\$ 2,202,000	\$ 2,202,000	\$ 2,344,863	\$	\$ 2,344,863	\$ 142,863
Investment earnings	6,600	6,600	12,462		12,462	5,862
Total revenues	<u>2,208,600</u>	<u>2,208,600</u>	<u>2,357,325</u>		<u>2,357,325</u>	<u>148,725</u>
<u>Expenditures</u>						
Current						
Debt service	3,613,810	3,613,810	3,613,349	(3,613,349)		(461)
Principal				1,411,500	1,411,500	
Interest				2,201,849	2,201,849	
Total expenditures	<u>3,613,810</u>	<u>3,613,810</u>	<u>3,613,349</u>		<u>3,613,349</u>	<u>(461)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,405,210)</u>	<u>(1,405,210)</u>	<u>(1,256,024)</u>		<u>(1,256,024)</u>	<u>149,186</u>
<u>Other financing sources (uses)</u>						
Operating transfers in	<u>1,032,707</u>	<u>1,032,707</u>	<u>1,030,439</u>		<u>1,030,439</u>	<u>(2,268)</u>
Net change in fund balance	(372,503)	(372,503)	(225,585)		(225,585)	146,918
Fund balance - beginning of year	<u>576,500</u>	<u>576,500</u>	<u>718,668</u>		<u>718,668</u>	<u>142,168</u>
Fund balance - end of year	<u>\$ 203,997</u>	<u>\$ 203,997</u>	<u>\$ 493,083</u>	<u>\$</u>	<u>\$ 493,083</u>	<u>\$ 289,086</u>

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

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

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

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

<u>ASSETS</u>	<u>100 - General Operations</u>	<u>101 - Bus Purchase</u>	<u>102 - Employee Wellness</u>	<u>104 - Warm Springs Housing</u>	<u>105 - PAC Fund</u>	<u>107 - Technology Replacement Fund</u>
Cash and investments	\$ 8,003,427	\$ 972,653	\$ 14,603	\$ 73,262	\$ 15,130	\$ 149,158
Receivables						
Property taxes	239,022					
Other	234,418					1,237
Due from other funds	529,714					
<b>Total assets</b>	<b>\$ 9,006,581</b>	<b>\$ 972,653</b>	<b>\$ 14,603</b>	<b>\$ 73,262</b>	<b>\$ 15,130</b>	<b>\$ 150,395</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<b>Liabilities</b>						
Accounts payable	\$ 276,580			\$ 118	\$ 3,625	\$
Accrued payroll liability	1,532,647		69		2,505	
Other current Liabilities	991,215					
Tenant deposit				1,125		
<b>Total liabilities</b>	<b>2,800,442</b>		<b>69</b>	<b>1,243</b>	<b>6,130</b>	
<u>DEFERRED INFLOWS</u>						
Unavailable property taxes	198,531					
Unearned revenue				4,015		
<b>Total deferred inflows</b>	<b>198,531</b>			<b>4,015</b>		
<u>FUND BALANCES</u>						
Committed to:						
Bus replacement		972,653				
Equipment replacement						
Employee Wellness			14,534			
Maintenance projects						
Performing arts center fund					9,000	
Stabilization of general fund						
Technology replacement plan fund						150,395
Textbook replacement plan fund						
Warm Springs housing				68,004		
Warm Springs school construction						
Assigned to:						
Appropriated ending fund balance	3,166,757					
Unassigned	2,840,852					
<b>Total fund balances</b>	<b>6,007,609</b>	<b>972,653</b>	<b>14,534</b>	<b>68,004</b>	<b>9,000</b>	<b>150,395</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 9,006,582</b>	<b>\$ 972,653</b>	<b>\$ 14,603</b>	<b>\$ 73,262</b>	<b>\$ 15,130</b>	<b>\$ 150,395</b>



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

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

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

<u>ASSETS</u>	108 - Textbook Replacement Fund	109 - Equipment Replacement Fund	110 - Maintenance Projects	111 - PERS Bond Reserve
Cash and investments	\$ 702,992	\$ 426,132	\$ 865,670	\$ 667,812
Receivables				
Property taxes				
Other			5,805	
Due from other funds				
Total assets	\$ 702,992	\$ 426,132	\$ 871,475	\$ 667,812
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	\$ 2,800	\$	\$ 1,891	\$
Accrued payroll liability				
Other Current Liabilities				
Tenant deposit				
Total liabilities	2,800		1,891	
 <u>DEFERRED INFLOWS</u>				
Deferred revenues				
Unearned revenue				
Total deferred inflows				
 <u>FUND BALANCES</u>				
Committed to:				
Bus replacement				
Equipment replacement		426,132		
Employee Wellness				
Maintenance projects			869,584	
Performing arts center fund				
Stabilization of general fund				667,812
Technology replacement plan fund				
Textbook replacement plan fund	700,192			
Warm Springs housing				
Warm Springs school construction				
Assigned to:				
Appropriated ending fund balance				
Unassigned				
Total fund balances	700,192	426,132	869,584.00	667,812
Total liabilities, deferred inflows and fund balances	\$ 702,992	\$ 426,132	\$ 871,475	\$ 667,812

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

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

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

<u>ASSETS</u>	119 -Warm Springs Facility	Total	
		2016	2015
Cash and investments	\$ 426,334	\$ 12,317,174	\$ 12,640,050
Receivables			
Property taxes		239,022	267,084
Other		241,460	354,649
Due from other funds		529,714	670,433
		1,039,216	1,352,256
Total assets	\$ 426,334	\$ 13,327,370	\$ 13,932,216
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$	\$ 285,014	\$ 243,263
Accrued payroll liability		1,535,221	1,635,364
Other Current Liabilities		991,215	804,661
Tenant deposit		1,125	750
		2,812,575	2,684,038
Total liabilities		2,812,575	2,684,038
<u>DEFERRED INFLOWS</u>			
Unavailable property taxes		198,531	234,299
Unearned revenue		4,015	5,221
		202,546	239,520
Total deferred inflows		202,546	239,520
<u>FUND BALANCES</u>			
Committed to:			
Bus replacement		972,653	805,669
Equipment replacement		426,132	317,463
Employee Wellness		14,534	
Maintenance projects		869,584	904,365
Performing arts center fund		9,000	32,322
Stabilization of general fund		667,812	2,213,746
Technology replacement plan fund		150,395	73,927
Textbook replacement plan fund		700,192	38,331
Warm Springs housing		68,004	65,848
Warm Springs school construction	426,334	426,334	426,334
Assigned to:			
Appropriated ending fund balance		3,166,757	3,014,493
Unassigned		2,840,852	3,116,160
		10,312,249	11,008,658
Total fund balances	426,334	10,312,249	11,008,658
Total liabilities, deferred inflows and fund balances	\$ 426,334	\$ 13,327,370	\$ 13,932,216

**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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	100 - General Operations	101 - Bus Purchase	102 - Employee Wellness	104 - Warm Springs Housing	105 - PAC Fund	107 - Technology Replacement Fund
<u>Revenues</u>						
Property taxes	\$ 4,118,740	\$	\$	\$	\$	\$
Interest	97,320					
Admissions	20,312					
Other local sources	1,537,215		195	20,946	13,558	115,827
Intermediate sources	49,453					
State sources	22,288,665	135,352				
Federal sources	2,540,420					
<b>Total revenues</b>	<b>30,652,125</b>	<b>135,352</b>	<b>195</b>	<b>20,946</b>	<b>13,558</b>	<b>115,827</b>
<u>Expenditures</u>						
Current						
Instruction	16,942,718					
Support services	12,194,880		3,917	18,789	56,015	119,359
Enterprise and community services	38,305				65,002	
Capital outlay	37,709	373,368				
<b>Total expenditures</b>	<b>29,213,612</b>	<b>373,368</b>	<b>3,917</b>	<b>18,789</b>	<b>121,017</b>	<b>119,359</b>
Excess (deficiency) of revenues over (under) expenditures	1,438,513	(238,016)	(3,722)	2,157	(107,459)	(3,532)
<u>Other financing sources (uses)</u>						
Operating transfers in	445,934	345,000	18,256		84,137	80,000
Operating transfers out	(2,007,491)					
Gain on sale of capital assets		60,000				
<b>Total other financing sources and (uses)</b>	<b>(1,561,557)</b>	<b>405,000</b>	<b>18,256</b>		<b>84,137</b>	<b>80,000</b>
Net change in fund balance	(123,044)	166,984	14,534	2,157	(23,322)	76,468
Fund balance - beginning of year	6,130,653	805,669		65,848	32,322	73,927
Fund balance - end of year	<u>\$ 6,007,609</u>	<u>\$ 972,653</u>	<u>\$ 14,534</u>	<u>\$ 68,004</u>	<u>\$ 9,000</u>	<u>\$ 150,395</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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	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			45,191		
Intermediate sources			74,091		
State sources					
Federal sources		1,077			
Total revenues		1,077	119,282		
<u>Expenditures</u>					
Current					
Instruction	384,121				
Support services	4,018	2,977	7,500		
Enterprise and community services					
Facilities acquisition and construction			211,563		
Capital outlay		65,600			
Total expenditures	388,139	68,577	219,063		
Excess (deficiency) of revenues over (under) expenditures	(388,139)	(67,500)	(99,781)		
<u>Other financing sources (uses)</u>					
Operating transfers in	1,050,000	176,000	65,000		
Operating transfers out					(1,545,934)
Gain on sale of capital assets		169			
Total other financing sources and (uses)	1,050,000	176,169	65,000		(1,545,934)
Net change in fund balance	661,861	108,669	(34,781)		(1,545,934)
Fund balance - beginning of year	38,331	317,463	904,365	667,812	1,545,934
Fund balance - end of year	\$ 700,192	\$ 426,132	\$ 869,584	\$ 667,812	

**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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	119 - Warm Springs Facility	Total	
		2016	2015
<u>Revenues</u>			
Property taxes	\$	\$ 4,118,740	\$ 3,877,383
Interest		97,320	74,839
Admissions		20,312	19,268
Other local sources		1,732,933	1,626,884
Intermediate sources		123,543	116,740
State sources		22,424,017	24,157,598
Federal sources		2,541,497	2,333,185
		<hr/>	<hr/>
Total revenues		31,058,362	32,205,897
		<hr/>	<hr/>
<u>Expenditures</u>			
Current			
Instruction		17,326,841	17,253,418
Support services		12,407,456	12,065,005
Enterprise and community services		103,306	49,331
Facilities acquisition and construction		211,562	
Capital outlay		476,677	320,508
		<hr/>	<hr/>
Total expenditures		30,525,842	29,688,262
		<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures		532,520	2,517,635
		<hr/>	<hr/>
Other financing sources (uses)			
Operating transfers in		2,264,327	879,000
Operating transfers out		(3,553,425)	(2,373,822)
Gain on sale of capital assets		60,169	98,864
		<hr/>	<hr/>
Total other financing sources and (uses)		(1,228,929)	(1,395,958)
		<hr/>	<hr/>
Net change in fund balance		(696,409)	1,121,677
Fund balance - beginning of year	426,334	11,008,658	9,886,981
	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 426,334	\$ 10,312,249	\$ 11,008,658
	<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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	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	\$	\$	\$	\$	\$	\$	\$
Receivables - reimbursement claims	231,470	44,994	2,500	8,602	88,972	122,682	
Prepaid expense							
Inventory							
Due from other funds							
<b>Total assets</b>	<b>\$ 231,470</b>	<b>\$ 44,994</b>	<b>\$ 2,500</b>	<b>\$ 8,602</b>	<b>\$ 88,972</b>	<b>\$ 122,682</b>	<b>\$</b>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 806	\$ (914)	\$	\$	\$ 120	\$ 46,806	\$
Accrued payroll liability	60,451	7,933		2,133	17,000	36,195	(79)
Deposits							
Due to other funds	170,213	37,975	2,500	6,469	71,852	39,681	79
<b>Total liabilities</b>	<b>231,470</b>	<b>44,994</b>	<b>2,500</b>	<b>8,602</b>	<b>88,972</b>	<b>122,682</b>	
<u>DEFERRED INFLOWS</u>							
Deferred Revenues							
<u>FUND BALANCES</u>							
Nonspendable:							
Inventory and prepaid expenses							
Restricted for:							
Federal programs							
State and local grants and donations							
Committed to:							
Student Activities							
Unassigned							
<b>Total fund balances</b>							
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 231,470</b>	<b>\$ 44,994</b>	<b>\$ 2,500</b>	<b>\$ 8,602</b>	<b>\$ 88,972</b>	<b>\$ 122,682</b>	<b>\$</b>

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

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

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

<u>ASSETS</u>	216 - Title III: English Language Acquisition	217 - Elementary Counseling Grant	221 - Safe Routes to School	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento
Cash and investments	\$	\$	\$	\$ 272	\$	\$
Receivables - reimbursement claims	11,393	103,191	1,372	150	61,559	5,623
Prepaid expense						
Inventory						
Due from other funds						
<b>Total assets</b>	<b>\$ 11,393</b>	<b>\$ 103,191</b>	<b>\$ 1,372</b>	<b>\$ 422</b>	<b>\$ 61,559</b>	<b>\$ 5,623</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$	\$ 630	\$	\$	\$ 34,904	\$
Accrued payroll liability	4,863	16,982		422	11,522	115
Deposits						
Due to other funds	6,530	85,579	1,372		15,133	5,508
<b>Total liabilities</b>	<b>11,393</b>	<b>103,191</b>	<b>1,372</b>	<b>422</b>	<b>61,559</b>	<b>5,623</b>
<u>DEFERRED INFLOWS</u>						
Deferred Revenues						
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory and prepaid expenses						
Restricted for:						
Federal programs						
State and local grants and donations						
Committed to:						
Student Activities						
Unassigned						
<b>Total fund balances</b>						
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 11,393</b>	<b>\$ 103,191</b>	<b>\$ 1,372</b>	<b>\$ 422</b>	<b>\$ 61,559</b>	<b>\$ 5,623</b>

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

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

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	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	\$ 61,727		\$ 18,849	\$ 35,747		\$ 7,177
Receivables - reimbursement claims	1,351	30,486			13,896	12,928
Prepaid expense						
Inventory						
Due from other funds						
<b>Total assets</b>	<b>\$ 63,078</b>	<b>\$ 30,486</b>	<b>\$ 18,849</b>	<b>\$ 35,747</b>	<b>\$ 13,896</b>	<b>\$ 20,105</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$	\$ 164	\$	\$	\$	\$ 1,748
Accrued payroll liability	6,269	513			133	6,292
Deposits						
Due to other funds		29,809			13,763	
<b>Total liabilities</b>	<b>6,269</b>	<b>30,486</b>			<b>13,896</b>	<b>8,040</b>
<u>DEFERRED INFLOWS</u>						
Deferred Revenues			18,849			
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory and prepaid expenses						
Restricted for:						
Federal programs						12,065
State and local grants and donations						
Committed to:						
Student Activities				35,747		
Assigned for:						
Onsite child care	56,809					
Unassigned						
<b>Total fund balances</b>	<b>56,809</b>			<b>35,747</b>		<b>12,065</b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 63,078</b>	<b>\$ 30,486</b>	<b>\$ 18,849</b>	<b>\$ 35,747</b>	<b>\$ 13,896</b>	<b>\$ 20,105</b>



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

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

**JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	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
<b><u>ASSETS</u></b>						
Cash and investments	\$	\$ 158,531	\$ 1,371	\$ 38,441	\$ 7,071	\$ 4,143
Receivables - reimbursement claims	48,884			3,847	71,846	
Prepaid expense						
Inventory					30,323	
Due from other funds						
<b>Total assets</b>	<b>\$ 48,884</b>	<b>\$ 158,531</b>	<b>\$ 1,371</b>	<b>\$ 42,288</b>	<b>\$ 109,240</b>	<b>\$ 4,143</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 365	\$	\$	\$ 1,947	\$ 6,751	\$
Accrued payroll liability	5,267				98,336	
Deposits					1,203	
Due to other funds	43,252					
<b>Total liabilities</b>	<b>48,884</b>			<b>1,947</b>	<b>106,290</b>	
<b><u>DEFERRED INFLOWS</u></b>						
Unearned revenue			1,371			3,418
<b><u>FUND BALANCES</u></b>						
<b>Nonspendable:</b>						
Inventory and prepaid expenses					30,323	
<b>Restricted for:</b>						
Federal programs				40,341		
State and local grants and donations						725
<b>Committed to:</b>						
Student Activities		158,531				
<b>Assigned for:</b>						
Onsite child care						
Unassigned					(27,373)	
<b>Total fund balances</b>		<b>158,531</b>		<b>40,341</b>	<b>2,950</b>	<b>725</b>
<b>Total liabilities, fund balances and deferred inflows</b>	<b>\$ 48,884</b>	<b>\$ 158,531</b>	<b>\$ 1,371</b>	<b>\$ 42,288</b>	<b>\$ 109,240</b>	<b>\$ 4,143</b>

SCHOOL DISTRICT NO.509J  
Jefferson County, Oregon

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

JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015

	Total	
<u>ASSETS</u>	2016	2015
Cash and investments	\$ 333,328	\$ 295,695
Receivables - reimbursement claims	865,745	1,013,738
Prepaid expense		
Inventory	30,323	67,739
Due from other funds		
Total assets	\$ 1,229,396	\$ 1,377,172
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts payable	\$ 91,382	\$ 112,532
Accrued payroll liability	276,291	303,492
Deposits	1,203	2,724
Due to other funds	529,714	670,433
Total liabilities	898,590	1,089,181
<u>DEFERRED INFLOWS</u>		
Unearned revenue	23,638	53,882
<u>FUND BALANCES</u>		
Nonspendable:		
Inventory and prepaid expenses	30,323	67,739
Restricted for:		
Federal programs	52,406	
State and local grants and donations	725	
Committed to:		
Student Activities	194,277	184,224
Assigned for:		
Onsite child care	56,809	9,885
Unassigned	(27,372)	(27,739)
Total fund balances	307,168	234,109
Total liabilities, fund balances and deferred inflows		
	\$ 1,229,396	\$ 1,377,172

**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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	203 - Title 1A: Grant to LEAs	205 - Title VII: Indian Education	206 - Johnson O'Malley	211 - Priority Schools	212 - W.S.R.-8 School Improvement Grant	213 - IDEA	214 - J.C.M.S School Improvement Grant
<b>Revenues</b>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources			1,438				
Intermediate sources							
State sources							
Federal sources	1,081,089	196,239		38,369	547,593	578,804	40,142
Total revenues	<u>1,081,089</u>	<u>196,239</u>	<u>1,438</u>	<u>38,369</u>	<u>547,593</u>	<u>578,804</u>	<u>40,142</u>
<b>Expenditures</b>							
Current							
Instruction	505,187	130,960			163,362	397,644	35,427
Support services	554,980	65,096	11,191	38,369	384,231	181,160	4,715
Enterprise and community services	20,922	183					
Capital outlay							
Total expenditures	<u>1,081,089</u>	<u>196,239</u>	<u>11,191</u>	<u>38,369</u>	<u>547,593</u>	<u>578,804</u>	<u>40,142</u>
Excess (deficiency) of revenues over (under) expenditures			(9,753)				
Other financing sources (uses)							
Operating transfers in			9,753				
Operating transfers out							
Gain (loss) on sale of capital assets							
Total other financing sources and (uses)			<u>9,753</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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	216 - Title III: English Language	217 - Elementary Counseling Grant	221 - Safe Routes to School	222 - Smile Program	223 - Youth Development Program	226 - Title X: McKinney Vento	227 - Title 1-C Migrant Education
<u>Revenues</u>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources							
Intermediate sources							
State sources				10,420			
Federal sources	92,840	385,595	2,633		232,840	11,726	21,400
<b>Total revenues</b>	<b>92,840</b>	<b>385,595</b>	<b>2,633</b>	<b>10,420</b>	<b>232,840</b>	<b>11,726</b>	<b>21,400</b>
<u>Expenditures</u>							
Current							
Instruction	4,550			21,663	217,831		14,841
Support services	22,303	385,595	2,633	794	15,009	11,726	6,559
Enterprise and community services	65,987						
Facilities acquisition and construction							
Capital outlay							
<b>Total expenditures</b>	<b>92,840</b>	<b>385,595</b>	<b>2,633</b>	<b>22,457</b>	<b>232,840</b>	<b>11,726</b>	<b>21,400</b>
Excess (deficiency) of revenues over (under) expenditures				(12,037)			
<u>Other financing sources (uses)</u>							
Operating transfers in				12,037			
Operating transfers out							
Gain (loss) on sale of capital assets							
<b>Total other financing sources and (uses)</b>				<b>12,037</b>			
Net change in fund balance							
Fund balance - beginning of year							
Fund balance - end of year	\$	\$	\$	\$	\$	\$	\$

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

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

**YEAR ENDED JUNE 30, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	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
<b>Revenues</b>							
Interest	\$	\$	\$	\$	\$	\$	\$
Other local sources		45,309		54,388	31,987		
Intermediate sources			5,140	10,727			
State sources	9,353		99,016				1,161
Federal sources		6,801				44,338	69,826
<b>Total revenues</b>	<b>9,353</b>	<b>52,110</b>	<b>104,156</b>	<b>65,115</b>	<b>31,987</b>	<b>44,338</b>	<b>70,987</b>
<b>Expenditures</b>							
<b>Current</b>							
Instruction	9,353		59,233	12,985	25,081	16,131	
Support services			39,115	51,543		28,207	
Enterprise and community services		96,927		587	174		58,922
Facilities acquisition and construction							
Capital outlay			5,808				
<b>Total expenditures</b>	<b>9,353</b>	<b>96,927</b>	<b>104,156</b>	<b>65,115</b>	<b>25,255</b>	<b>44,338</b>	<b>58,922</b>
Excess (deficiency) of revenues over (under) expenditures		(44,817)			6,732		12,065
<b>Other financing sources (uses)</b>							
Operating transfers in		91,741					
Operating transfers out							
Gain (loss) on sale of capital assets							
<b>Total other financing sources and (uses)</b>		<b>91,741</b>					
Net change in fund balance		46,924			6,732		12,065
Fund balance - beginning of year		9,885			29,015		
Fund balance - end of year	\$	\$ 56,809	\$	\$	\$ 35,747	\$	\$ 12,065

**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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	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	\$	\$ 146	\$	\$	\$	\$
Other local sources		409,843	6,890		17,867	725
Intermediate sources					31,617	
State sources					1,767,765	
Federal sources	208,800			104,064		
Total revenues	<u>208,800</u>	<u>409,989</u>	<u>6,890</u>	<u>104,064</u>	<u>1,817,249</u>	<u>725</u>
<u>Expenditures</u>						
Current						
Instruction		406,668	5,915			
Support services	208,800		975			
Enterprise and community services				63,723	1,999,427	
Capital outlay						
Total expenditures	<u>208,800</u>	<u>406,668</u>	<u>6,890</u>	<u>63,723</u>	<u>1,999,427</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>3,321</u>		<u>40,341</u>	<u>(182,178)</u>	<u>725</u>
<u>Other financing sources (uses)</u>						
Operating transfers in					145,128	
Operating transfers out						
Gain (loss) on sale of capital assets						
Total other financing sources and (uses)					<u>145,128</u>	
Net change in fund balance		3,321		40,341	(37,050)	725
Fund balance - beginning of year		<u>155,210</u>			<u>40,000</u>	
Fund balance - end of year	<u>\$</u>	<u>\$ 158,531</u>	<u>\$</u>	<u>\$ 40,341</u>	<u>\$ 2,950</u>	<u>\$ 725</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, 2016 AND SUMMARIZED INFORMATION FOR JUNE 30, 2015**

	Total	
	2016	2015
<u>Revenues</u>		
Interest	\$ 146	\$
Other local sources	568,447	512,041
Intermediate sources	15,866	24,870
State sources	151,568	787,183
Federal sources	5,430,863	5,064,305
	<u>6,166,890</u>	<u>6,388,399</u>
Total revenues		
<u>Expenditures</u>		
Current		
Instruction	2,026,830	2,180,180
Support services	2,013,001	2,100,728
Enterprise and community services	2,306,851	2,275,922
Capital outlay	5,808	11,845
	<u>6,352,490</u>	<u>6,568,675</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>(185,600)</u>	<u>(180,276)</u>
<u>Other financing sources (uses)</u>		
Operating transfers in	258,659	264,853
Operating transfers out		(15,988)
Gain (loss) on sale of capital assets		
	<u>258,659</u>	<u>248,865</u>
Total other financing sources and (uses)		
Net change in fund balance	73,059	68,589
Fund balance - beginning of year	<u>234,109</u>	<u>165,520</u>
Fund balance - end of year	<u>\$ 307,168</u>	<u>\$ 234,109</u>

**OTHER FINANCIAL SCHEDULES**



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

**SCHEDULE OF FUTURE MATURITIES - BOND AND BOND INTEREST**

**JUNE 30, 2016**

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
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>\$ 63,576,602</u>	<u>\$ 9,508,233</u>	<u>\$ 5,945,150</u>	<u>\$ 880,000</u>	<u>\$ 121,000</u>	<u>\$ 21,660,000</u>	<u>\$ 8,772,081</u>	<u>\$ 10,665,000</u>	<u>\$ 6,025,138</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, 2016**

Item A	Energy bills for heating		Objects 325
	All Funds	Function	& 326
		2540	\$ 600,360
		2550	10,573
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, 2016**

	<u>Fund 100</u>	<u>Fund 200</u>	<u>Fund 300</u>	<u>Total</u>
<b><u>Local Sources</u></b>				
1110 Ad Valorem Taxes Levied By District	\$ 4,118,740	\$	\$ 2,344,863	\$ 6,463,603
1300 Tuition	72,522			72,522
1400 Transportation Fees from Within District	32,959			32,959
1500 Earnings on Investments	97,320	146	12,462	109,928
1600 Food Service		14,936		14,936
1700 Extra-Curricular Activities	20,312			20,312
1800 Childcare		45,190		45,190
1910 Rentals	62,893			62,893
1920 Contributions and Donations	19	63,559		63,578
1980 Federal Indirect Cost	188,963			188,963
1990 Miscellaneous	1,375,578	444,762		1,820,340
<b>Total Revenue from Local Sources</b>	<u>5,969,305</u>	<u>568,592</u>	<u>2,357,325</u>	<u>8,895,223</u>
<b><u>Intermediate Sources</u></b>				
2101 County School Funds	49,453			49,453
2200 Restricted Revenue	74,091	15,866		89,957
<b>Total Revenue from Intermediate Sources</b>	<u>123,543</u>	<u>15,866</u>		<u>139,409</u>
<b><u>State Sources</u></b>				
3101 State School Fund --General Support	22,124,916	15,779		22,140,695
3103 Common School Fund	299,102			299,102
3200 Restricted Grants-In-Aid		135,789		135,789
<b>Total Revenue from State Sources</b>	<u>22,424,017</u>	<u>151,568</u>		<u>22,575,585</u>
<b><u>Federal Sources</u></b>				
4300 Restricted Revenue Direct From Federal	62,677	581,834		644,511
4500 Restricted Revenue Through the State		4,698,938		4,698,938
4700 Grants-In-Aid From the Federal	3,061	24,033		27,093
4801 Federal Forest Fees	97,895			97,895
4802 Impact Aid to School Districts	2,376,787			2,376,787
4900 Revenue for/on Behalf of the District	1,077	126,059		127,136
<b>Total Revenue from Federal Sources</b>	<u>2,541,497</u>	<u>5,430,863</u>		<u>7,972,360</u>
<b><u>Other Sources</u></b>				
5100 Long Term Debt Financing Sources				
5120 Premiums on Sale of Bonds				
5200 Interfund Transfers	2,264,327	258,659	1,030,439	3,553,425
5300 Sale of Fixed Assets	60,169			60,169
5400 Resources - Beginning Fund Balance	11,008,658	234,109	718,668	11,961,435
<b>Total Revenue from Other Sources</b>	<u>13,333,154</u>	<u>492,768</u>	<u>1,749,107</u>	<u>15,575,029</u>
<b>Grand Totals</b>	<u>\$ 44,391,517</u>	<u>\$ 6,659,658</u>	<u>\$ 4,106,432</u>	<u>\$ 55,157,607</u>

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

**GENERAL FUND (100)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2016**

<u>Instruction</u>	<u>Total</u>	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>
1111 Primary Education	\$ 6,563,251	\$ 3,965,890	\$ 2,110,591	\$ 89,293	\$ 383,623	\$ 13,854		\$
1121 Middle/Junior High Programs	2,486,168	1,547,902	801,939	34,292	96,266	5,769		
1122 Middle/Junior High School Extracurricular	174,905	105,546	42,545	12,500	13,615		700	
1131 High School Programs	2,946,750	1,832,648	911,738	150,486	45,190	5,769		919
1132 High School Extra-curricular	515,873	300,862	118,745	56,321	32,376			7,569
1210 Programs for the Talented and Gifted	85,285	64,416	19,338	1,492	39			
1220 Programs for the Students with Mental Disabilities	1,375,389	857,422	510,879		7,088			
1221 Programs for the Students with Mental Disabilities	3,868	3,209	659					
1223 Community Transition Center	167,246	94,529	34,626	450	1,677		35,964	
1227 Extended school year instruction	24,466	16,102	4,701	3,585	78			
1229 Behavioral Program	458,715	326,353	131,942		421			
1250 Resource Rooms	1,247,702	819,779	410,100	556	17,267			
1283 District Alternative Education	583,815	288,351	143,766	100,374	51,325			
1291 English Second Language Programs	718,054	434,201	282,523		1,330			
1296 Indian Education	744				744			
<b>Total Instruction</b>	<u>17,352,232</u>	<u>10,657,209</u>	<u>5,524,091</u>	<u>449,349</u>	<u>651,039</u>	<u>25,392</u>	<u>45,152</u>	
<u>Support Services</u>								
2112 Attendance Services	62,582	38,821	23,761					
2114 Student Accounting Services	186,109	117,286	68,823					
2115 Student Safety	73,816			73,816				
2122 Counseling Services	611,418	395,311	203,617	3,993	8,497			
2130 Health Services	147,223	84,345	46,735	3,775	12,228		140	
2160 Other Student Treatment Services	64,995			64,995				
2190 Service Direction: Student Support Services	206,573	114,868	52,377	38,190	95		1,042	
2211 Service Area Direction	275,193	166,951	92,899	1,383	12,704		1,255	
2213 Curriculum Development	981	718	247		15			
2220 Educational Media Services	455,194	249,536	169,216	3,138	33,059		245	
2230 Assessment and Testing	66,001	57,929	7,083		989			
2240 Instructional Staff Development	66,164	6,777	40,246	9,217	9,924			
2244 Administrative Staff Development	15,809		15,809					
2310 Board of Education Services	119,867			112,672	688		6,507	
2321 Office of Superintendent Services	364,564	214,888	128,032	11,552	8,967		1,125	
2329 Other Executive Administrative Services	39,254			31,470	7,785			
2410 Office of the Principal Services	2,459,368	1,496,963	782,327	94,689	77,260		8,129	
2520 Fiscal Services	512,492	289,464	141,624	36,133	42,903		2,367	
2528 Risk Management Services	75,420							75,420
2542 Care and Upkeep of Buildings Services	2,467,789	923,337	564,224	731,052	101,229	12,317	135,629	
2543 Care and Upkeep of Grounds Services	48,554			17,828	30,676		50	
2544 Maintenance	1,183,371	548,114	292,191	70,358	200,748	65,600	6,359	

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

**GENERAL FUND (100)**  
**EXPENDITURE SUMMARY**

**YEAR ENDED JUNE 30, 2016**

	<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	4,886			4,886				
2552 Student Transportation Services	2,103,549	829,668	624,817	54,526	190,805	373,368	30,365	
2572 Purchasing Services	41,793	18,579	9,901		13,313			
2573 Warehousing and Distributing Services	17,449	10,410	7,039					
2623 Evaluation Services	10,500			10,500				
2633 Public Information Services	33,066			33,066				
2640 Personnel Services	401,843	223,896	136,606	12,222	28,207		912	
2642 Recruitment and Placement Services	9,174			2,539	2,564		4,071	
2645 Health Services	5,179	750	474	1,812	2,143			
2660 Technology Services	447,378	83,404	40,639	75,923	247,412			
2669 Other Technology Services	161,515			161,515				
2700 Supplemental Retirement Program	103,383	96,010	7,373					
<b>Total Support Services</b>	<u>12,858,742</u>	<u>5,968,025</u>	<u>3,456,062</u>	<u>1,676,841</u>	<u>1,032,911</u>	<u>451,285</u>	<u>273,616</u>	
<b><u>Enterprise and Community Services</u></b>								
3320 Community Recreation Services	37,500			37,500				
3330 Civic Services	805	56	83	339	327			
3390 Other Community Services	65,002	37,236	26,890	493	383			
<b>Total Enterprise and Community Services</b>	<u>103,306</u>	<u>37,292</u>	<u>26,973</u>	<u>38,332</u>	<u>710</u>			
<b><u>Building acquisition and construction</u></b>								
4150 Building Acquisition-Major Add-on	211,562				13,604	197,959		
<b>Total Enterprise and Community Services</b>	<u>211,562</u>				<u>13,604</u>	<u>197,959</u>		
<b><u>Other Uses</u></b>								
5200 Transfer of Funds	3,553,425							3,553,425
<b>Total Other Uses</b>	<u>3,553,425</u>							<u>3,553,425</u>
<b>Grand Totals</b>	<u>\$ 34,079,267</u>	<u>\$ 16,662,526</u>	<u>\$ 9,007,126</u>	<u>\$ 2,164,521</u>	<u>\$ 1,698,265</u>	<u>\$ 674,636</u>	<u>\$ 318,768</u>	<u>\$ 3,553,425</u>

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

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

**YEAR ENDED JUNE 30, 2016**

<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)	\$ 44,000	\$ 7,556	\$ 716	\$	\$ 31,277	\$	\$ 4,452	\$
1113 Elementary Extra-curricular	5,522	3,574	1,513	166	269			
1121 Middle/Junior High Programs	20,745	174	52	3,000	17,520			
1122 Middle/Junior High School Extracurricular	63,623	6,208	2,880	90	54,445			
1131 High School Programs	67,200	1,924	497	902	58,069	5,808		
1132 High School Extra-curricular	361,051	3,660	1,027	1,110	355,254			
1220 Programs for the Students with Mental Disabilities	206,547	103,722	102,824					
1223 Community Transition Center	243,831	59,855	38,121	145,855				
1229 Behavioral Program	63,779	33,166	30,613					
1250 Resource Rooms	8,081	6,228	1,853					
1260 Treatment and Rehabilitation	93,237			93,237				
1272 Title I-A Grants to LEAs	707,402	419,128	218,373	8,500	61,516		(114)	
1291 English Second Language Programs	4,550	3,000	1,550					
1296 Indian Education	130,960	77,392	37,376	1,765	14,426			
1460 Special Summer Program	12,109	9,155	2,954					
<b>Total Instruction</b>	<u>2,032,638</u>	<u>734,741</u>	<u>440,350</u>	<u>254,626</u>	<u>592,774</u>	<u>5,808</u>	<u>4,338</u>	
 <b>Support Services</b>								
2112 Attendance Services	60,791	45,206	15,585					
2115 Student Safety and Security	2,633	2,430	203					
2119 Other Attendance and Social Work Services	19,894	12,246	3,304	904	3,365		75	
2122 Counselor Services	358,973	207,121	121,352	8,881	21,619			
2150 Speech Pathology & Audiology Services	92,058	47,293	44,458		307			
2160 Other Student Treatment Services	50,006			50,006				
2190 Program Direction Student Support	533				533			
2211 Service Area Direction	760,910	503,071	253,805		4,034			
2240 Instructional Staff Development	366,225	72,875	29,316	236,263	22,537		5,235	
2410 Office of the Principal Services	80,747	54,988	24,477	1,282				
2520 Fiscal Services	15						15	
2552 Student Transportation Services	31,167	4,897	1,663	24,608				
2645 Health Services for Employees	140				140			
2690 Other Support Services	188,910						188,910	
<b>Total Support Services</b>	<u>2,013,001</u>	<u>950,126</u>	<u>494,162</u>	<u>322,251</u>	<u>52,227</u>		<u>194,235</u>	

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

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

**YEAR ENDED JUNE 30, 2016**

	<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>
<b><u>Enterprise and Community Services</u></b>								
3100 Food Services	2,122,372	613,173	502,203	26,788	978,382		1,825	
3330 Civil Services	75,014	31,384	23,254	10,000	10,376			
3390 Other Community Services	12,538	9,194	2,471		874			
3501 Child Care Provider Services	96,927	64,713	31,435		628		150	
<b>Total Enterprise and Community Services</b>	<u>2,306,851</u>	<u>718,465</u>	<u>559,363</u>	<u>36,788</u>	<u>990,260</u>		<u>1,975</u>	
 <b>Grand Totals</b>	<u>\$ 6,352,490</u>	<u>\$ 2,403,332</u>	<u>\$ 1,493,875</u>	<u>\$ 613,665</u>	<u>\$ 1,635,262</u>	<u>\$ 5,808</u>	<u>\$ 200,548</u>	<u>\$</u>



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

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

**YEAR ENDED JUNE 30, 2016**

	<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>
<b><u>Other Uses</u></b>								
5110 Debt Service	\$ 3,613,349	\$	\$	\$	\$	\$	\$ 3,613,349	\$
<b>Other Uses</b>	<u>3,613,349</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>3,613,349</u>	<u>          </u>
 <b>Grand Totals</b>	 <u>\$ 3,613,349</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$</u>	 <u>\$ 3,613,349</u>	 <u>\$</u>

SCHOOL DISTRICT NO. 509J  
Jefferson County, Oregon

CAPITAL PROJECTS FUNDS (400)  
EXPENDITURE SUMMARY

YEAR ENDED JUNE 30, 2016

	<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>
<b><u>Facilities Acquisition &amp; Construction</u></b>								
4150 Building Acquisition-Major Add-on	\$	\$	\$	\$	\$	\$	\$	\$
4180 Other Capital Items								
<b>Total Facilities Acquisition &amp; Construction</b>								
<b>Grand Totals</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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



**INDEPENDENT AUDITORS' REPORT**  
**REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
School District 509J  
Jefferson County, Oregon

We have audited the basic financial statements of the School District No. 509J, Jefferson County, Oregon (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated October 11, 2016. 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 11, 2016.

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



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

October 11, 2016

**SINGLE AUDIT COMPLIANCE**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of School District No. 509J, Jefferson County, Oregon (the District), as of and for the year ended June 30, 2016, 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 11, 2016.

**Internal Control over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the District in a separate letter dated October 11, 2016.

**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  
Bend, Oregon

October 11, 2016





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

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

**Report on Compliance for Each Major Federal Program**

We have audited School District No. 509J, Jefferson County, Oregon (the District's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2016.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
- continued**

**Report on Internal Control over Compliance**

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

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

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

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



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

October 11, 2016

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2016**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA No(s).</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.558, 10.559	Child nutrition program cluster
84.215	Elementary school counseling grant

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

Auditee qualified as low-risk auditee? Yes

**Section II – Financial Statement Findings**

None reported.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**

**YEAR ENDED JUNE 30, 2016**

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Award Findings and Questioned Costs**

None reported.

**JEFFERSON COUNTY SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Federal Grantor and Pass Through Agency/Program Title	CFDA Number	Pass Through Agency Number	Federal Expenditures	District Fund
<b><u>DEPARTMENT OF AGRICULTURE</u></b>				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553		\$ 506,990	280
National School Lunch Program	10.555		1,135,162	280
National School Lunch - Commodities	10.555		125,613	280
Child and Adult Care Food Program	10.558		104,064	270
Summer Food Service Program for Children - Commodities	10.559		446	260
Summer Food Service Program for Children	10.559		69,379	260
Passed through Jefferson and Wasco Counties:				
Schools and Roads - Grants to Counties	10.666		<u>97,895</u>	100
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>2,039,549</u>	
<b><u>DEPARTMENT OF DEFENSE</u></b>				
Junior Reserve Officers' Training Corps	12.11JROTC		62,677	100
<b>TOTAL DEPARTMENT OF DEFENSE</b>			<u>62,677</u>	
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>				
Passed through Jefferson County				
Highway Planning and Construction	20.205		<u>2,633</u>	221
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<u>2,633</u>	
<b><u>DEPARTMENT OF EDUCATION</u></b>				
Impact Aid	84.041		2,376,787	100
Indian Education Grants to Local Education Agencies	84.060		196,239	205
Passed through State Department of Education				
Title I Grants to Local Education Agencies				
No Child Left Behind	84.010	28148	62,237	203
		32604	81,805	203
		35995	937,047	203
School Improvement Grants		32751	6,267	211
		37532	32,101	211
Special Education - Grants to States				
	84.027	33294	291,546	213
		35764	900	213
		36881	271,938	213
		37889	3,290	213
		38344	973.00	213

**JEFFERSON COUNTY SCHOOL DISTRICT 509-J**  
**Jefferson County, Oregon**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor and Pass Through Agency/Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Agency Number</b>	<b>Federal Expenditures</b>	<b>District Fund</b>
Special Education - Preschool Grant	84.173	33471	10,156	213
Title VI Rural Education	84.358	33851 37760	9,966 34,372	258 258
Title III English Language Acquisition Grant	84.365	32333 36332	15,155 77,685	216 216
Title II-A Improving Teacher Quality State Grants	84.367	28664 32928 36192	41,447 47,670 119,683	261 261 261
Title 1-A School Improvement Grants	84.377	28055 35908 31396	40,143 500,000 47,593	212 212 214
Elementary Counseling Grant	84.215E	S215E150138	385,596	217
Passed through ESDs				
Education of Migratory Children	84.011		21,400	227
Perkins	84.048		3,061	100
McKinney-Vento Homeless Assistance Act	84.196		<u>11,726</u>	226
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>5,626,783</u>	
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Passed through Oregon Employment Department				
Child Care and Development Grant Discretionary	93.575		6,801	232
Passed through Oregon Children, Adults and Families				
Social Services Block Grant	93.667		<u>232,840</u>	223
<b>TOTAL DEPT OF HEALTH AND HUMAN SERVICES</b>			<u>239,641</u>	
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>				
Passed through Oregon Employment Department	39.003		<u>1,077</u>	
<b>TOTAL GENERAL SERVICES ADMINISTRATION</b>			<u>1,077</u>	
<b>TOTALS</b>			<u>\$ 7,972,360</u>	

Passed through to Crook County - \$66,989, Heart of Oregon - \$25,037 and Culver \$24,014.