

**UNION COUNTY SCHOOL DISTRICT NO. 8-J
NORTH POWDER, OREGON**

**AUDITED FINANCIAL STATEMENTS
As of and For the Fiscal Year Ended
June 30, 2016**

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
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UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NORTH POWDER, OREGON
 LIST OF DISTRICT OFFICIALS
 For the Fiscal Year Ended June 30, 2016

<u>Board of Directors:</u>		<u>Term</u> <u>Expiration</u>
Chairman	Matt McElligott North Powder, Oregon	June 30, 2017
Vice-Chairman	Tyson Orr North Powder, Oregon	June 30, 2017
Member	Jason Williams North Powder, Oregon	June 30, 2019
Member	Justin Bingham North Powder, Oregon	June 30, 2019
Member	Ross Fritz North Powder, Oregon	June 30, 2019
 <u>Budget Committee:</u>		
Member	Sheila Orr North Powder, Oregon	June 30, 2018
Member	Sue DeHaas North Powder, Oregon	June 30, 2018
Member	Lukus Gray North Powder, Oregon	June 30, 2018
Member	Jan Hill North Powder, Oregon	June 30, 2017
Member	Lacey Martin North Powder, Oregon	June 30, 2018
 <u>District 8-J Administration:</u>		
Superintendent and Budget Officer	Lance Dixon	Appointed
Deputy Clerk	Beth O'Hanlon – IMESD	Appointed



Scott A. Martin
Megan R. Adams

Robert P. Seymour
Jacob J. Collier

Michael J. Rudi

Randell C. Guyer, Jr.
Kent J. Bailey

David F. Lindley
Linda L. Cyr

Kara J. Bond

INDEPENDENT AUDITOR'S REPORT

School Board
Union County School District No. 8-J
North Powder, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County School District No.8-J, North Powder, Oregon, 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.

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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, each major fund, and the aggregate remaining fund information of Union County School District No.8-J, North Powder, Oregon as of June 30, 2016 and the respective changes in financial position for the year then ended in conformity 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 on pages 4 through 9, and budgetary comparison information and schedules of proportionate share of net pension liability, and pension contributions on pages 36-40 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with managements' responses to our

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School Board
Union County School District No. 8-J
North Powder, Oregon

inquires, 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 and schedules of net pension liability and contributions on pages 36-40 have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in relation to the basic financial statements taken as a whole.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other financial schedules on pages 41-59 are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited Union County School District 8-J's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 26, 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 the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Guyer & Associates
La Grande, Oregon
Certified Public Accountants
A Professional Corporation



Megan R. Adams, Principal

December 26, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

As management of the Union County School District #8J (referred to as the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements that begin with the Statement of Net Position.

FINANCIAL HIGHLIGHTS

- The Government-wide financial statement at June 30, 2016, the District's assets exceeded its liabilities by \$166,979. Most notably, the previous year's net pension asset dissipated with the Oregon Supreme Courts overturning state legislative mandated PERS rate relief in the previous biennium. The District now carries an unfunded pension liability totaling \$1,379,973.
- The District relies upon the State School Fund as its primary source of operating revenue. In 2016 the state school formula collections were flat totaling \$2,625,867 compared to \$2,620,577 in 2015. Funding was stable due to level enrollment.
- The stable revenue allowed additional Career Technical Instruction, adoption of Science curriculum, opened a PERS Reserve fund and increase COLA for staff. The District also increased its contracts for services with outside vendors.
- The District continued to make payments on its real estate loan through Community Bank. The loan totaled \$907,500 and carried a balance totaling \$861,146 at June 30, 2016. The District paid off the Hewlett-Packard lease to purchase 60 new Chromebooks.
- At June 30, 2016, the unassigned fund balance for the General Fund was \$482,622 or approximately 16% of total General Fund expenditures (including transfers and debt payments). The ending fund balance was up slightly from \$457,441 (16%) balance reported in the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's 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 that will enhance the reader's understanding of the financial condition of the District.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- **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. The net position is the balance of assets that remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial stability of the District is improving or deteriorating.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

- 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.

In the Government-wide financial statements, the District's activities are reported in Governmental Activities which include regular and special program instructional and support services, administrative and fiscal support, and community services. These activities are primarily financed through property tax revenues, Oregon State School Fund, and inter-Governmental grants.

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.

The Governmental funds are used to account for essentially the same functions reported as statement of activities in the Government-wide financial statements. All of the District's basic services are accounted for in governmental funds. However, unlike the Government-wide financial statements, Governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be used in evaluating a Government's operating requirements.

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

The District maintains nine individual Governmental funds. Information is presented separately in the Governmental Fund Balance Sheet, the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances – the General Fund, the Miscellaneous Grant Fund, Title I Fund and the Capital Projects Fund are considered to be major funds. Data from the District's other Governmental funds is combined into a single aggregated column entitled "Other Non-Major Governmental Funds". Individual fund data for each of the non-major Governmental funds is provided as Supplemental Information.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements.

Other Information. The combining statements referred to earlier in connection with non-major Governmental funds are presented as Supplementary Information. Additional supplementary information reflects a detail budget to actual analysis, individually, of all district governmental funds for the fiscal year ending June 30, 2016.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 65% of total assets. The remaining assets are primarily current and consist of cash from the General Fund, property taxes receivable and inter-governmental receivables (primarily from grants).

Liabilities include accounts payable, payroll liabilities from the balance of employment contract payments, an accrual for postretirement health benefits and more formal long term debt.

Net Position at June 30, 2016

	Governmental Activities		
	2016	2015	Difference
Current Assets	\$ 1,031,975	\$ 835,932	\$ 196,043
Net Pension Asset	-	636,863	(636,863)
Capital Assets	1,896,406	1,992,353	(95,947)
Total Assets	2,928,381	3,465,148	(536,767)
Current Liabilities	316,662	274,509	42,153
Net Pension Liability	1,379,973	-	1,379,973
Long-Term Debt	951,364	1,056,187	(104,823)
Total Liabilities	2,647,999	1,330,696	1,317,303
Net Deferred Pension Investment Earnings	113,403	1,032,512	(919,109)
Total Liabilities and Deferred Inflows of Resources	2,761,402	2,363,208	398,194
Net Position:			
Investment in Capital Assets	1,035,259	1,110,130	(74,871)
Unrestricted (deficit)	(868,280)	(8,190)	(860,090)
Total Net Position	\$ 166,979	\$ 1,101,940	\$ (934,961)

Governmental Activities. The notable elements of the change in the District's net position for the year ended June 30, 2016 are as follows:

- With the State Legislature providing additional support in the 2015-2017 biennium, the District's funding stayed stable due to flat enrollment and improved property tax collections. In addition, the State funded some Career Technical Education grants for students.
- Expenditures below show an increase primarily due to the change in the PERS unfunded liability from an asset of \$636,863 to a liability of \$1,379,973. The remaining expenditure increase was associated to the new preschool position, an increase in time for Title I, increased busing, technology and the increase in wages and benefits for employees.
- The District's PERS rates remained flat over the prior year at 22.33% for Tier1/Tier2 and 17.64 for OPSRP members. The District continues to pay the PERS employee pick up of 6%.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities		
	2016	2015	Difference
Revenues:			
Program Revenues			
Charges for Services	\$ 155,010	\$ 130,534	\$ 24,476
Operating Grants and Contributions	273,893	282,132	(8,239)
Capital Grants and Cotributions	60,868	85,876	(25,008)
General Revenues:			
Property Taxes	397,966	371,447	26,519
State and Federal School Sources	2,700,359	2,723,099	(22,740)
Other	45,029	64,857	(19,828)
Total Revenues	<u>3,633,125</u>	<u>3,657,945</u>	<u>(24,820)</u>
Expenses:			
Instruction	3,019,691	1,409,983	1,609,708
Support Services	1,261,074	863,317	397,757
Enterprise and Community Services	235,058	129,957	105,101
Facility Acquisition and Construction	15,736	19,550	(3,814)
Debt Service	36,527	38,185	(1,658)
Total Expenses	<u>4,568,086</u>	<u>2,460,992</u>	<u>2,107,094</u>
Change in Net Position	(934,961)	1,196,953	(2,131,914)
Net Position, July 1, 2015	1,101,940	(95,013)	1,196,953
Net Position, June 30, 2016	<u>\$ 166,979</u>	<u>\$ 1,101,940</u>	<u>\$ (934,961)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2016 the District's Governmental Funds reported a combined ending fund balance of \$773,965. The balance is improved from \$635,786 the previous year, primarily due to additional funding mentioned previously.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2016, the unassigned fund balance was \$482,622 compared to \$457,441 the previous year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents 16% of total General Fund expenditures (including transfers and debt service) for the fiscal year ending June 30, 2016.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Special Revenue Funds. Special Revenue Funds are designated for specific programs and equipment. Sources of these funds usually are grants from public and private entities. The programs funded are primarily from federal Title grants, food service grants and student body fund raising and fees. The bulk of the special revenue funds is concentrated in an assigned ending fund balance for the Student Activities Fund, totaling \$150,843.

Capital Projects Fund. The District maintains a Capital Projects Fund to account for the revenue and expenditures related to the capital improvements, equipment purchases and larger maintenance projects. For the fiscal year ended June 30, 2016, the District received many grants and contributions for projects included, putting in a water system for the Soccer Field, finishing the elementary bathroom, carpet & installation at the High School. The Soccer field was funded through State grants. The District also received \$90,000 in donations, grants and a general fund transfer, to go towards constructing a new shop building in the 2016-2017 year. They have received additional donations and a Bank line of credit to complete the project in the new year. This fund carried a \$128,926 fund balance at June 30, 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The unchanged funding from the State Legislature, along with PERS rate relief, allowed the District to continue to build a budget that restored appropriations to meet the District's basic needs to serve students. The District added preschool and counseling this year as well as increased time for Title 1A aide assistance. They also increased technology by adding 60 new Chromebooks and increased janitorial services. The staff also received increases in salaries and benefits per their negotiated agreements.

For the 2015-2016 school year, the District based its budget on 284 average daily enrollment and a beginning fund balance totaling \$280,000. The actual beginning fund balance totaled \$457,441. Although average daily enrollment was lower than estimated at 273, the timing of State formula funding (the State funds at the higher of the current or previous year ADMw) and higher beginning fund balance offset the loss in revenue from enrollment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and building improvements, vehicles and equipment. As of June 30, 2016, the District had invested \$1,896,406 in capital assets (net of depreciation), as shown in the following table:

		Governmental	
		Activities	
Land	\$	141,568	
Buildings & Improvements		1,641,169	
Furniture & Equipment		113,669	
Total	\$	1,896,406	

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Long-Term Debt. At June 30, 2016 the District the following in long-term debt:

Community Bank	\$	861,146	Building Loan
Post-employment Benefits		192,960	
	\$	1,054,106	

Please refer to the Notes of the Basic Financial Statements for more information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As with most school districts, the District relies heavily on the State of Oregon's State School fund. For the year ended June 30, 2016, the State School Fund – General Support provided 84% of the District's program resources for the General Fund. The percentage climbs to 98% when taxes and other state formula sources are included. Besides the continued recovery of the economy to create additional State funding, the District's enrollment and ability to attract new students is crucial to stable funding.

The 2016-2017 budget is supported by 51% of the State's \$7.38B Basic School Support for the 2015-2017 biennium. PERS rates remain unchanged in the second year of the biennium.

The 2016-2017 budget includes reduced funding from the State due to improved property tax collections. The District built the budget with 270 average daily membership. The District received a grant through Oregon's Seismic Rehabilitation Grant program for a total value to \$676,200. The purpose of the grant is to seismically retrofit the gymnasium building to meet or exceed building codes and stability. The project will be completed in the spring of 2017.

Oregon's General Fund Revenue outlook remains stable. The State Economic forecast indicates State Revenues will rise by 8.4% in the next biennium. Despite this increase, projected expenditures exceed 2017-2019 revenue by \$1.5B. For K-12 education, the Governor's 2017-2019 budget included \$8.015B State School Fund. The education lobbyists believe the budget should be closer to \$8.4B in order to avoid cutting programs. In addition, the Governor allocated \$140,000 for CTE, college level educational opportunities and expand drop-out prevention. This second allocation was approved as Measure 98 by voters in the November 2016 election. It is not known if the \$140,000 will be a carve-out of the State School Formula.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District's Business Office at InterMountain Education Service District at 2001 SW Nye, Pendleton, Oregon 97801.

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BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 STATEMENT OF NET POSITION
 June 30, 2016
 (With Comparative Totals for June 30, 2015)

	Total Governmental Activities	
	June 30, 2016	June 30, 2015
ASSETS		
Assets:		
Cash and Investments	\$ 820,591	\$ 722,931
Receivables:		
Property taxes	35,107	33,511
Intergovernmental	176,277	79,490
Net Pension Asset	-	636,863
Capital assets:		
Land	141,568	141,568
Buildings and improvements, net of accumulated depreciation	1,641,169	1,680,260
Equipment, net of accumulated depreciation	113,669	170,525
Total capital assets, net of accumulated depreciation	1,896,406	1,992,353
Total Assets	2,928,381	3,465,148
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts and payroll taxes payable	213,919	166,636
Current portion, retiree health benefits	87,360	88,969
Current portion, long-term debt	15,383	18,904
Total Current Liabilities	316,662	274,509
Long-term liabilities:		
Postretirement health benefits payable	105,600	192,868
Note payable Community Bank	845,764	862,556
Note payable NEC Financial	-	763
Net Pension Liability	1,379,973	-
Total Long-Term Liabilities	2,331,337	1,056,187
Total liabilities	2,647,999	1,330,696
Deferred Inflows of Resources:		
Net Deferred Pension Investment Earnings	113,403	1,032,512
Total Liabilities and Deferred Inflows of Resources	2,761,402	2,363,208
NET POSITION		
Invested in capital assets, net of related debt	1,035,259	1,110,130
Unrestricted (Deficit)	(868,280)	(8,190)
Net Position	\$ 166,979	\$ 1,101,940

SCHOOL DISTRICT NO. 8-J, UNION COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016
(With Summarized Totals for June 30, 2015)

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Governmental Activities	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	June 30, 2016	June 30, 2015
Governmental:						
Instruction	\$ 3,019,691	\$ 136,669	\$ 124,438	\$ -	\$ (2,758,584)	\$ (1,131,673)
Support Services	1,261,074	-	33,015	-	(1,228,059)	(828,974)
Community and Enterprise Services	235,058	18,341	116,440	-	(100,277)	(29,944)
Facilities Acquisition & Construction	15,736	-	-	60,868	45,132	66,326
Debt Service: Interest	36,527	-	-	-	(36,527)	(38,185)
Total governmental activities	<u>\$ 4,568,086</u>	<u>\$ 155,010</u>	<u>\$ 273,893</u>	<u>\$ 60,868</u>	<u>\$ (4,078,315)</u>	<u>\$ (1,962,450)</u>
General revenues:						
					392,452	366,517
					5,514	4,930
					2,645,800	2,671,722
					30,821	26,221
					5,909	5,957
					17,829	19,199
					7,128	4,189
					-	5,222
					37,901	55,446
					<u>3,143,354</u>	<u>3,159,403</u>
					(934,961)	1,196,953
					1,101,940	(95,013) *
					<u>\$ 166,979</u>	<u>\$ 1,101,940</u>

* As restated for GASB 68

The accompanying notes are an integral part of this financial statement.

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 BALANCE SHEET
 ALL GOVERNMENTAL FUNDS
 June 30, 2016

With Summarized Financial Information at June 30, 2015

	<u>General Fund</u>	<u>Misc. Grants Fund</u>	<u>Title I Fund</u>
ASSETS			
Cash and Investments	\$ 541,795	\$ -	\$ -
Receivables:			
Property Taxes	35,107	-	-
Intergovernmental	34,148	87,132	46,290
Due from Other Funds	119,878	-	-
Total Assets	<u>\$ 730,928</u>	<u>\$ 87,132</u>	<u>\$ 46,290</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts and Payroll Taxes Payable	\$ 213,199	\$ 15	\$ -
Due to Other Funds	-	66,559	46,290
Total Liabilities	<u>213,199</u>	<u>66,574</u>	<u>46,290</u>
Deferred Inflows of Resources:			
Federal Grants	-	8,984	-
Deferred Property Taxes	35,107	-	-
Total Deferred Inflows of Resources	<u>35,107</u>	<u>8,984</u>	<u>-</u>
Fund Balance:			
Fund Balances			
Restricted	-	11,574	-
Assigned	-	-	-
Unassigned	482,622	-	-
Total Fund Balance	<u>482,622</u>	<u>11,574</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 730,928</u>	<u>\$ 87,132</u>	<u>\$ 46,290</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
		2016	2015
\$ 129,442	\$ 149,354	\$ 820,591	\$ 722,932
-	-	35,107	33,511
-	8,707	176,277	79,490
-	-	119,878	17,110
<u>\$ 129,442</u>	<u>\$ 158,061</u>	<u>\$ 1,151,853</u>	<u>\$ 853,043</u>

\$ 516	\$ 189	\$ 213,919	\$ 166,636
-	7,029	119,878	17,110
<u>516</u>	<u>7,218</u>	<u>333,797</u>	<u>183,746</u>

-	-	8,984	-
-	-	35,107	33,511
-	-	44,091	33,511

128,926	-	140,500	87,819
-	150,843	150,843	90,526
-	-	482,622	457,441
<u>128,926</u>	<u>150,843</u>	<u>773,965</u>	<u>635,786</u>
<u>\$ 129,442</u>	<u>\$ 158,061</u>	<u>\$ 1,151,853</u>	<u>\$ 853,043</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 RECONCILIATION OF GOVERNMENTAL FUNDS
 BALANCE SHEET TO STATEMENT OF NET POSITION
 June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
TOTAL FUND BALANCES	\$ 773,965	\$ 635,786
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	4,577,193	4,571,676
Accumulated Depreciation	(2,680,787)	(2,579,323)
Total Fixed Assets	1,896,406	1,992,353
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are deferred inflows in the fund financial statements.		
	35,107	33,511
The District is entitled to received federal grant funds after year-end but are not available soon enough to pay for the current year's operations, and therefore are deferred inflows in the fund financial statements.		
	8,984	-
The District's unfunded liability to PERS for pension costs and deferred investment earnings is not expected to be paid from current financial resources, and therefore is not accrued on the fund financial statements.		
	(1,493,376)	(395,651)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities:		
Note payable Community Bank	(861,146)	(877,430)
Note payable NEC Financial	-	(4,793)
Postretirement benefits payable	(192,960)	(281,837)
TOTAL NET POSITION	\$ 166,979	\$ 1,101,940

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SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2016
 With Summarized Financial Information for the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Misc. Grants Fund</u>	<u>Title I Fund</u>
Revenues:			
Taxes	\$ 396,370	\$ -	\$ -
Intermediate Sources	7,409	-	-
State Sources	2,682,197	-	-
Federal Sources	17,829	94,410	46,290
Interest Earnings	7,128	-	-
Other Local Sources	36,026	20,785	-
Total Revenues	<u>3,146,959</u>	<u>115,195</u>	<u>46,290</u>
Expenditures:			
Current:			
Instruction	1,882,132	77,138	53,319
Support Services	1,060,673	25,238	-
Enterprise & Community Services	-	26,543	-
Facilities Acquisition & Construction	-	-	-
Total Expenditures	<u>2,942,805</u>	<u>128,919</u>	<u>53,319</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>204,154</u>	<u>(13,724)</u>	<u>(7,029)</u>
Other Financing Sources (Uses)			
Operating Transfers In	4,600	-	7,029
Operating Transfers Out	(130,000)	(10,000)	-
Debt Service - Principal	(18,875)	-	-
Debt Service - Interest	(34,698)	-	-
Compensation for Loss on Fixed Assets	-	-	-
Total Other Financing Sources (Uses)	<u>(178,973)</u>	<u>(10,000)</u>	<u>7,029</u>
Excess of Revenue & Other Financing Sources Over Expenditures and Other Financing Uses	25,181	(23,724)	-
Fund Balance, July 1	457,441	35,298	-
Fund Balance, June 30	<u>\$ 482,622</u>	<u>\$ 11,574</u>	<u>\$ -</u>

Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
		2016	2015
\$ -	\$ -	\$ 396,370	\$ 369,026
-	-	7,409	17,957
-	3,363	2,685,560	2,784,599
5,130	94,860	258,519	254,737
-	-	7,128	4,189
55,738	155,010	267,559	219,794
<u>60,868</u>	<u>253,233</u>	<u>3,622,545</u>	<u>3,650,302</u>
-	125,042	2,137,631	2,035,762
3,207	-	1,089,118	996,805
-	156,245	182,788	154,971
21,256	-	21,256	85,954
<u>24,463</u>	<u>281,287</u>	<u>3,430,793</u>	<u>3,273,492</u>
<u>36,405</u>	<u>(28,054)</u>	<u>191,753</u>	<u>376,810</u>
40,000	100,000	151,629	67,029
-	(11,629)	(151,629)	(67,029)
-	-	(18,875)	(54,104)
-	-	(34,698)	(37,973)
-	-	-	5,222
<u>40,000</u>	<u>88,371</u>	<u>(53,573)</u>	<u>(86,855)</u>
76,405	60,317	138,179	289,955
52,521	90,526	635,786	345,831
<u>\$ 128,926</u>	<u>\$ 150,843</u>	<u>\$ 773,965</u>	<u>\$ 635,786</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
NET CHANGE IN FUND BALANCE	\$ 138,179	\$ 289,955
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 capital outlay exceeded depreciation in the current period.		
Expenditures for capital assets	5,520	66,404
Less current year depreciation	(101,467)	(103,235)
	(95,947)	(36,831)
Change in inventories charged to expenditures as purchased in governmental funds.	-	(3,687)
Revenue in the fund financial statements is reported on the modified accrual basis, meaning that if such income is not available to satisfy current expenditures then it is deferred into future periods. In the statement of activities, these revenues are recognized when they are received or receivable. The following revenues were deferred in the current and previous year:		
Current year property tax levy receivable	1,596	2,421
Federal grant revenue	8,984	-
	10,580	2,421
Pension costs are expensed based on actuarially determined amounts	(1,097,727)	799,627
Post employment health benefits are expensed at the time such benefits are provided in the governmental funds financial statements. In the statement of activities, they are reflected in expenditures at the time the liability is incurred. The change in postemployment health benefit liability for the year is:		
	88,877	87,835
Debt service payments in the fund financial statements are reported as expenditures. In the statement of activities however, principal payments are not reflected, as they are reductions of the debt balances on the statement of net assets. Principal payments for the year were:		
Payments on long-term debt	21,077	57,633
CHANGE IN NET POSITION	\$ (934,961)	\$ 1,196,953

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Union County School District No. 8-J (the District), was previously organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools on April 6, 1949. Effective July 1, 2009 it was granted charter school status under ORS Chapter 338. The District is governed by a separately elected five member School Board (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and a special service district, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

Basis of Presentation

Government-Wide Financial Statements:

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for fees, rentals, 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.

Separate financial statements are provided for governmental funds.

Net position is reported as restricted when constraints are placed on use. Net position can be externally restricted, imposed by creditors (such as through grantors, contributors or laws) or restricted through constitutional provisions or enabling legislation.

Fund Financial Statements:

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. For the fiscal year ended June 30, 2016, the District reports the General Fund, Miscellaneous Grants Fund, Title I Fund, and Capital Projects Fund as "major" funds. The General Fund is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. The Miscellaneous Grants Fund is used to account for all specific grants that are not deemed appropriate for classification in one of the other funds. The Title I Fund is used to account for all federal Title I revenues and related expenditures. The Capital Projects Fund is used to account for large project revenues and expenditures.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The District reports the following non-major governmental funds as aggregate remaining fund information:

Special Revenue Funds:

The Special Revenue Funds account for revenues and expenditures assigned for specific educational projects, the District's food dispensing program, and building construction activities. Principal revenue sources are federal and state grants, and cash sales of food. Funds included in the Special Revenue Funds category are School Lunch Fund, Student Activities, Title II, Building Reserve, and PERS Reserve.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Any accrued property taxes that aren't collected within 60 days of year-end are offset with a *deferred inflow of resources* liability. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents and Investments

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

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

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

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes Receivable

Property 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 after May 15 are considered delinquent.

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal and state grants.

Grants

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

Inventories

Inventories are charged to expenditures when purchased. The items in inventory remain at a relatively constant level, and the amount is not material to the financial statements.

Capital Assets

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

Buildings and improvements	10 to 75 years
Equipment	10 years
Computers and related equipment	5 years

Self-Insurance

The District is self-insured for unemployment claims. Benefit expenses are recorded upon notification from the State of Oregon of claims paid. The District has not provided for estimated losses on unreported claims since the amounts are not subject to reasonable estimation.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Early Retirement Program

The District was self-funded for future health insurance for certified staff that retire early up through the year ended June 30, 2010, at which point this Other Post-Employment Benefit (OPEB) was discontinued. In the spring of 2013 the District again offered the future health insurance benefit for anyone who was eligible to retire under PERS or who had served the District for 25 years or more. Under the previous OPEB plan the District pays up to 7 years of health insurance premiums for eligible employees until they are eligible to enroll in Medicare. For the fiscal years ended June 30, 2015 and June 30, 2016 there were two and three employees respectively, covered under this plan. These health insurance costs are accounted for in the General Fund.

Under the agreement most recently offered to eligible employees, which is no longer available, the District has agreed to pay \$1,000 per month for five years. There are four employees who agreed to retire early in exchange for this benefit. The total OPEB liability at June 30, 2016 was \$192,960. The amount paid for participation in the early retirement program was approximately \$88,877 and \$94,746 for June 30, 2016 and June 30, 2015, respectively.

Retirement Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS), and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Most full-time employees have available 10 days of sick leave, three days of personal leave and four days of bereavement leave, annually. Personal and bereavement leave are non-cumulative, however, any unused personal leave may be transferred to the employee's accumulated sick leave allowance. Unused sick leave is accumulated and is available in future years if extended illness should occur; sick leave does not vest. At retirement, any unused days are added to the total days worked for the purpose of calculating appropriate pension benefits. Compensated absences are charged to expense when the benefit is paid. The District, however, has no liability for accumulated sick pay at year-end or at termination and therefore, none has been accrued into the financial statements.

Fund Balance

Fund balance on the governmental funds statements is required to be reported based on level of restriction. The levels of restriction include:

- Unspendable – Items not immediately converted to cash, such as prepaid items and inventory.
- Restricted – Items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- Committed – Items committed by the District's Board by resolution.
- Assigned – Items assigned based upon the Board's or the Superintendent's intent to use the funds for specific purposes.
- Unassigned – The residual classification for the general fund and for any fund with a deficit fund balance.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance, Continued

Fund balance is as follows at June 30, 2016:

	General Fund	Major Special Revenue Funds			Non-Major Special Revenue Funds	Total
		Capital Projects Fund	Misc. Grants Fund	Title I Fund		
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Health and Wellness	-	-	11,574	-	-	11,574
Building Construction	-	128,926	-	-	-	128,926
Assigned to:						
PERS Liabilities	-	-	-	-	60,000	60,000
Food Service	-	-	-	-	8,524	8,524
Student Activities	-	-	-	-	82,155	82,155
Building Construction	-	-	-	-	164	164
Unassigned:	482,622	-	-	-	-	482,622
	<u>\$ 482,622</u>	<u>\$ 128,926</u>	<u>\$ 11,574</u>	<u>\$ -</u>	<u>\$ 150,843</u>	<u>\$ 773,965</u>

Fund balance is as follows at June 30, 2015:

	General Fund	Major Special Revenue and Capital Projects Funds			Non-Major Special Revenue Funds	Total
		Capital Projects Fund	Misc. Grants Fund	Student Activities Fund		
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Health and Wellness	-	-	25,298	-	-	25,298
Building Construction	-	52,521	10,000	-	-	62,521
Assigned to:						
Food Service	-	-	-	-	15,234	15,234
Student Activities	-	-	-	75,128	-	75,128
Building Construction	-	-	-	-	163	163
Unassigned:	457,441	-	-	-	-	457,441
	<u>\$ 457,441</u>	<u>\$ 52,521</u>	<u>\$ 35,298</u>	<u>\$ 75,128</u>	<u>\$ 15,397</u>	<u>\$ 635,786</u>

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. The District's long-term debt consists of their liability for postemployment benefits and a note to Community Bank on the construction of a multi-purpose facility.

Budget

A budget is prepared and legally adopted for each governmental fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, except (1) capital outlay expenditures are budgeted by function in the governmental fund types, and (2) the total of obligations under capitalized leases and other long term debt at their inception are not budgeted.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget, Continued

The District begins its budgeting process by appointing budget committee members each year. Recommendations are developed through early spring with the School Board approving the budget in late spring.

Public notices of the budget hearing are published generally in early June with the public hearing being held in late June. The budget is normally adopted, appropriations made, and the tax levy declared no later than June 30.

Consistent with Oregon law, expenditures are appropriated for each legally adopted annual operating budget at the following levels of control:

Instruction	Operating Contingencies
Supporting Services	Fund Transfers
Community/ Enterprise	Debt Service
Construction	

Expenditure budgets are appropriated at the major program level for each fund type (ie. General Fund, Special Revenue Funds and Capital Projects Funds). The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Expenditure appropriations may not be legally over-expended except in limited circumstances including the case of dedicated grant receipts which could not be reasonably estimated at the time the budget was adopted.

Supplemental budgets that are less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Also the budget may be modified for unanticipated grants, etc. restricted for special purposes by Board resolution. Appropriations lapse at the end of each fiscal year.

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 basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The District maintains one bank demand deposit account at US Bank, which is non-interest bearing, and two bank demand deposit accounts at Community Bank, both of which bear interest. The District also invests in the Oregon Local Government Investment Pool. The Pool is administered by the Investment Division of the Oregon State Treasurer. Amounts in the Pool may be withdrawn on demand.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

2. CASH AND INVESTMENTS, CONTINUED

Following is a summary of District cash and investments at June 30, 2016 and June 30, 2015:

	2016	2015
Cash in bank demand deposit (Interest of 0% and 0% at June 30, 2016 and 2015) US Bank - general checking	\$ 18,960	\$ 82,229
Cash in bank demand deposit (Interest of .05% and .05% at June 30, 2016 and 2015) Community Bank - general checking	29,063	2,355
Cash in bank demand deposit (Interest of .05% and .05% at June 30, 2016 and 2015) Community Bank - student account	82,155	75,128
Demand deposits in Local Government Investment Pool (cost approximates market, interest approximately 0.875% and 0.53% at June 30, 2016 and 2015, respectively)	690,413	563,219
Total Cash and Investments	\$ 820,591	\$ 722,931

Oregon Revised Statutes require the depository institution to pledge collateral against any public funds deposits in excess of deposit insurance amounts. The amount that must be pledged is determined quarterly by the Public Funds Collateralization Program (PFCP) of the Office of the State Treasurer. A depository that is well capitalized, as determined by their federal regulatory authority, is required to pledge collateral valued at least at 10% of the quarter-end public fund deposits; and adequately capitalized and undercapitalized depositories are required to pledge collateral valued at 110% of their uninsured public fund deposits. Should a bank holding public funds in amounts in excess of FDIC insurance limits fail, the Treasurer shall have the authority to recover losses of public funds due to the bank failure from the collateral pledged by the failed bank to the Treasurer and if there is a deficiency, recover the deficient amount from the collateral pledged by all banks participating in this public funds deposit collateral program. The State Treasurer provides a list of all qualified depositories for public funds deposits. The District's banking institutions are on the State provided list.

State statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances and the State Treasurer's Short-Term Investment Pool among others. The District's investments in the State of Oregon Treasurer's Short-Term Investment Pool are not required to be categorized by level of risk. The District did not make any investment other than in the state local government investment pool during the year ended June 30, 2016. The State Treasurer's short-term investment pool is not rated.

3. RECEIVABLES

Receivables as of June 30, 2016 are comprised of property tax receivables in the amount of \$35,107, Federal grant funds in the amount of \$141,703, State grant funds in the amount of \$23,445, and Local resources of \$11,129. Receivables as of June 30, 2015 were comprised property tax receivables in the amount of \$33,511, Federal grant funds in the amount of \$14,098, State grant funds in the amount of \$64,836, and Local resources of \$556.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 141,568	\$ -	\$ -	\$ 141,568
Total capital assets not being depreciated	141,568	-	-	141,568
Capital assets being depreciated:				
Buildings and improvements	3,401,501	5,520	-	3,407,021
Equipment and vehicles	1,028,607	-	-	1,028,607
Total capital assets being depreciated	4,430,108	5,520	-	4,435,628
Less accumulated depreciation for:				
Buildings and improvements	(1,721,241)	(44,611)	-	(1,765,852)
Equipment and vehicles	(858,082)	(56,856)	-	(914,938)
Total accumulated depreciation	(2,579,323)	(101,467)	-	(2,680,790)
Total capital assets being depreciated, net	1,850,785	(95,947)	-	1,754,838
Total capital assets, net	<u>\$ 1,992,353</u>	<u>\$ (95,947)</u>	<u>\$ -</u>	<u>\$ 1,896,406</u>

Prior year capital asset activity was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets not being depreciated:				
Land	\$ 141,568	\$ -	\$ -	\$ 141,568
Total capital assets not being depreciated	141,568	-	-	141,568
Capital Assets being depreciated:				
Buildings and improvements	3,335,097	66,404	-	3,401,501
Equipment and vehicles	1,028,607	-	-	1,028,607
Total capital assets being depreciated	4,363,704	66,404	-	4,430,108
Less accumulated depreciation for:				
Buildings and improvements	(1,678,257)	(42,984)	-	(1,721,241)
Equipment and vehicles	(797,831)	(60,251)	-	(858,082)
Total accumulated depreciation	(2,476,088)	(103,235)	-	(2,579,323)
Total capital assets being depreciated, net	1,887,616	(36,831)	-	1,850,785
Total capital assets, net	<u>\$ 2,029,184</u>	<u>\$ (36,831)</u>	<u>\$ -</u>	<u>\$ 1,992,353</u>

Depreciation expense of \$101,467 and \$103,235 for the years ended June 30, 2016 and 2015 respectively was charged to the “supporting services” function in the statement of Governmental Activities.

5. LONG-TERM DEBT

The District’s long term debt at June 30, 2016 and June 30, 2015 consisted of the District’s liability for postemployment benefits, as discussed in Note 1, which does not include a provision for interest rate. Additionally, the District has a loan with Community Bank that was used for the construction of a multi-purpose facility. This is a 30 year loan with monthly payments out of the General Fund of \$4,464, including interest at 4.25%. The District acquired a phone system under a capital lease agreement for a total cost of \$14,326. The agreement was for four years with monthly payments of \$368 including implicit interest of 12.91%, and this debt paid off prior to June 30, 2016.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2016

5. LONG-TERM DEBT, CONTINUED

The estimated maturity of the District's long term debt is as follows:

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	Period End June 30, 2026	Period End June 30, 2031	Period End June 30, 2036	Period End June 30, 2041	Period End June 30, 2044	Totals
Postemployment Benefits	\$ 87,360	\$ 67,200	\$ 19,200	\$ 19,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,960
Community Bank - Principal	15,838	17,995	18,775	19,589	20,438	116,265	143,739	177,706	219,699	111,102	861,146
Community Bank - Interest	33,270	35,578	34,798	33,984	33,135	151,598	124,124	90,159	48,165	5,409	590,220
Total	<u>\$ 136,468</u>	<u>\$ 120,773</u>	<u>\$ 72,773</u>	<u>\$ 72,773</u>	<u>\$ 53,573</u>	<u>\$ 267,863</u>	<u>\$ 267,863</u>	<u>\$ 267,865</u>	<u>\$ 267,864</u>	<u>\$ 116,511</u>	<u>\$ 1,644,326</u>

6. INTERFUND TRANSACTIONS

Interfund transfers for the years ended June 30, 2016 and June 30, 2015 are as follows:

	<u>Transfers Out</u>		<u>Transfers In</u>	
	2016		2015	
General Fund	\$ 130,000	\$ 4,600	\$ 60,000	\$ -
Misc. Grants Fund	10,000	-	-	-
Title I Fund	-	7,029	-	-
Capital Projects Fund	-	40,000	-	-
Non-Major Governmental	11,629	100,000	7,029	67,029
Total	<u>\$ 151,629</u>	<u>\$ 151,629</u>	<u>\$ 67,029</u>	<u>\$ 67,029</u>

The purpose of the inter-fund transfers is to move funding to and from various funds to fund appropriations as set through the budget process.

7. STATE CONSTITUTIONAL PROPERTY TAX LIMIT

The Oregon voters in 1990 approved a state constitutional limit on property taxes for schools and non-school government operations (Measure 5). Under the provisions of the limitation, tax revenues are separated into those for the public school system and those for local government operations other than the public school system. The limitation specified a maximum allowable tax of \$5.00 for each \$1,000 of property real market value imposed on public schools for fiscal year 1995-1996 and thereafter.

In May 1997 Oregon voters approved an additional state constitutional limit (Measure 50) on assessed values used on the calculation of property taxes for school and non-school government operations. Beginning in fiscal 1997-98 assessed values were rolled back to the lesser of fiscal 1995-96 real market values, less an additional 10%, or current real market values. New construction from July 1, 1995 forward and taxes levied for repayment of debt are not subject to the roll back. The Oregon Department of Revenue is responsible for establishing permanent rates for each taxing district in effect eliminating all tax bases.

Future increases in assessed values are limited to a maximum 3% increase independent of new construction. However, Measure 50 also requires the State to replace "public school system's" property tax losses.

The permanent tax rate for the District set by the State is \$4.9135 per \$1,000 of assessed valuation. This limitation along with Measure 5 will significantly affect the availability of property tax revenues for the District for fiscal year 2016-17 and subsequent years. However, the District will probably continue to receive additional State funds to offset the reduction in property taxes.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN

General Information about the Pension Plan

Plan Description

The District contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. PERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

Death Benefits

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

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

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Benefits provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Disability Benefits

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

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000. The current law was overturned by the Oregon Supreme Court in the Moro decision insofar as it relates to retirement benefits earned prior to the 2013 date of enactment. Members retired prior to the enactment date will receive a cost of living adjustment not to exceed 1.5% in any year, but any excess can be accumulated and used in a year where the adjustment is less than 1.5%. Members with service before and after the date of enactment will have blended COLA rate.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

Death Benefits

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

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Benefits provided

2. OPSRP Pension Program (OPSRP DB), Continued

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2016 were \$233,119, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 22.33 percent for Tier One/Tier Two and 17.64 percent for OPSRP, and at June 30, 2015 were 22.29 percent for Tier One/Tier Two 20.29 percent for OPSRP, and 6 percent for OPSRP Individual Account Program. The amount recorded in the Statement of Activities as current year pension expense is \$1,097,727.

Pension Plan CAFR:

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

Actuarial Valuations and Assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Actuarial Valuations and Assumptions, Continued

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Experience Study Report	2012, publish September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amoritzation Method	Amortized as a level percentage of payroll as layered amoritzation bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries: PF-2000 sex-distinct, generations per scale AA, with collar adjustments and set-backs as described in the valuation. Active members: mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: mortality rates are a percentage of the RP

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

Discount rate

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

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Assumed Asset Allocation

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

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. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Long-term expected rate of return, Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	100.00%	
 Assumed Inflation - Mean		 2.75%

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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,330,515	\$ 1,379,973	\$ (263,820)

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

8. PENSION PLAN, CONTINUED

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report as previously referenced.

Changes in Plan Provisions Subsequent to Measurement Date

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

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

This is a change in benefit terms subsequent to the prior period measurement date of June 30, 2014, and has not been included in the prior period net pension liability (asset) proportionate shares provided by OPERS.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The District is self-insured for unemployment claims purposes. Recent claims have been nominal. Information related to maximum exposure of the District for all terminated employees as of June 30, 2016 is \$63.

10. COMMITMENTS AND CONTINGENCIES

The District will probably continue to receive significant State funding in future years under the State-wide school funding formulas approved by the voters in 1990 and revised in 1997. Annually, amounts paid to the District under this formula are based on several estimated variables, subject to final adjustment the following May after the end of the fiscal year. When the final settlement for the 2014-2015 year was made in May 2016, the actual amount receivable from the State was \$19,992. For the fiscal year ended June 30, 2016, the estimated receivable from/payable to the State is not material and has not been accrued in the financial statements.

The District is committed to paying medical insurance benefits related to the early retirement incentive program. See Note 1 for details regarding this program.

11. INTERFUND LOANS

The General Fund had loaned a total of \$119,878 to the Miscellaneous Grants fund, \$66,559, the Title I Fund, \$46,290, and the Title II Fund, \$7,029 as of June 30, 2016. These are temporary loans to be repaid when reimbursement of expenditures for grants is received.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

12. PRIOR PERIOD COMPARATIVE INFORMATION

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

13. SUBSEQUENT EVENT

In August of 2016 the Superintendent signed the grant contract for the Seismic Rehabilitation Grant. This grant award, in the amount of \$676,200, is to be used to make improvements to the District's gymnasium to make the structure more solid in the event of seismic activity.

The District was recently approved for a \$100,000 line of credit through Community Bank that can be used for the completion of the new shop facility if enough grant funding isn't received.

Management has considered subsequent events through December 26, 2016 in relation to additional disclosures or adjustments that are required to be made in these financial statements.

14. CHANGE IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The District implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 8-J
UNION COUNTY, OREGON
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 350,000	\$ 350,000	\$ 396,370	\$ 46,370
Intermediate Sources	5,700	5,700	7,409	1,709
State Sources	2,692,269	2,692,269	2,682,197	(10,072)
Federal Sources	19,000	19,000	17,829	(1,171)
Interest Earnings	4,000	4,000	7,128	3,128
Other Local Sources	27,000	27,000	36,026	9,026
Total Revenues	<u>3,097,969</u>	<u>3,097,969</u>	<u>3,146,959</u>	<u>48,990</u>
Expenditures:				
Current:				
Instruction	1,933,885	1,971,885	1,882,132	89,753
Support Services	1,073,590	1,102,590	1,060,673	41,917
Operating Contingency	50,000	70,000	-	70,000
Total Expenditures	<u>3,057,475</u>	<u>3,144,475</u>	<u>2,942,805</u>	<u>201,670</u>
Revenues Over (Under) Expenditures	<u>40,494</u>	<u>(46,506)</u>	<u>204,154</u>	<u>250,660</u>
Other Financing Sources (Uses):				
Debt Service - Principal	(21,500)	(36,500)	(18,875)	17,625
Debt Service - Interest	(38,500)	(38,500)	(34,698)	3,802
Operating Transfers Out	(60,000)	(135,000)	(130,000)	5,000
Operating Transfers In	<u>-</u>	<u>-</u>	<u>4,600</u>	<u>4,600</u>
Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>(210,000)</u>	<u>(178,973)</u>	<u>31,027</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(79,506)	(256,506)	25,181	281,687
Fund Balances, Beginning	<u>280,000</u>	<u>457,000</u>	<u>457,441</u>	<u>441</u>
Fund Balances, Ending	<u>\$ 200,494</u>	<u>\$ 200,494</u>	<u>\$ 482,622</u>	<u>\$ 282,128</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 MISCELLANEOUS GRANTS
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
202 MISC GRANTS				
REVENUES:				
Local Sources	\$ 52,000	\$ 52,000	\$ 20,785	\$ (31,215)
State Sources	31,000	31,000	-	(31,000)
Federal Sources	<u>157,000</u>	<u>157,000</u>	<u>94,410</u>	<u>(62,590)</u>
Total Revenue	<u>240,000</u>	<u>240,000</u>	<u>115,195</u>	<u>(124,805)</u>
EXPENDITURES				
Current:				
Instruction	158,000	135,000	77,138	57,862
Support Services	54,000	44,000	25,238	18,762
Enterprise and Community Services	<u>28,000</u>	<u>51,000</u>	<u>26,543</u>	<u>24,457</u>
Total Expenditures	<u>240,000</u>	<u>230,000</u>	<u>128,919</u>	<u>101,081</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>10,000</u>	<u>(13,724)</u>	<u>(23,724)</u>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Financing Uses	-	-	(23,724)	(23,724)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>35,298</u>	<u>35,298</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,574</u>	<u>\$ 11,574</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 TITLE I FUND
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
210 TITLE I				
REVENUES:				
Federal Sources	\$ 57,000	\$ 57,000	\$ 46,290	\$ (10,710)
Total Revenues	<u>57,000</u>	<u>57,000</u>	<u>46,290</u>	<u>(10,710)</u>
EXPENDITURES:				
Current:				
Instruction	65,000	65,000	53,319	11,681
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>53,319</u>	<u>11,681</u>
Revenues Over (Under) Expenditures	(8,000)	(8,000)	(7,029)	971
Other Sources (Uses)				
Operating Transfers In	<u>8,000</u>	<u>8,000</u>	<u>7,029</u>	<u>(971)</u>
Total Other Financing Sources	<u>8,000</u>	<u>8,000</u>	<u>7,029</u>	<u>(971)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 CAPITAL PROJECTS FUND
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
400 CAPITAL PROJECTS FUND				
REVENUES:				
Local Sources	\$ 46,000	\$ 116,000	\$ 55,738	\$ (60,262)
State Sources	10,000	10,000	-	(10,000)
Federal Sources	-	-	5,130	5,130
	<u>56,000</u>	<u>126,000</u>	<u>60,868</u>	<u>(65,132)</u>
EXPENDITURES:				
Current:				
Support Services	10,000	10,000	3,207	6,793
Building Acquisition and Construction	90,000	200,000	21,256	178,744
Total Expenditures	<u>100,000</u>	<u>210,000</u>	<u>24,463</u>	<u>185,537</u>
Revenues Over (Under) Expenditures	<u>(44,000)</u>	<u>(84,000)</u>	<u>36,405</u>	<u>120,405</u>
Other Financing Sources				
Operating Transfers In	-	40,000	40,000	-
Total Other Financing Sources	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	(44,000)	(44,000)	76,405	120,405
Beginning Fund Balance	<u>44,000</u>	<u>44,000</u>	<u>52,521</u>	<u>8,521</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,926</u>	<u>\$ 128,926</u>

SCHOOL DISTRICT NO. 8-J
UNION COUNTY OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2016

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.03%	\$ 1,379,973	\$ 1,179,756	116.97%	91.88%
2015	0.03%	(636,863)	1,214,414	-52.44%	103.60%
2014	0.03%	1,433,794	1,106,058	129.60%	92.00%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

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	\$ 233,119	\$ 233,119	\$ -	\$ 1,179,756	19.76%
2015	262,089	262,089	-	1,214,414	21.58%
2014	238,518	238,518	-	1,106,058	21.56%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING BALANCE SHEET - ALL NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2016
 With Comparative Totals For June 30, 2015

	School Lunch Fund	Student Activities Fund	Title II Fund	Building Reserve Fund	PERS Reserve Fund	Totals	
						2016	2015
ASSETS							
Cash and Investments	\$ 7,035	\$ 82,155	\$ -	\$ 164	\$ 60,000	\$ 149,354	\$ 81,369
Receivables:							
Intergovernmental	1,678	-	7,029	-	-	8,707	9,198
Total Assets	\$ 8,713	\$ 82,155	\$ 7,029	\$ 164	\$ 60,000	\$ 158,061	\$ 90,567
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	\$ 189	\$ -	\$ -	\$ -	\$ -	\$ 189	\$ 41
Due to Other Funds	-	-	7,029	-	-	7,029	-
Total Liabilities	189	-	7,029	-	-	7,218	41
Fund Balance:							
Assigned	8,524	82,155	-	164	60,000	150,843	90,526
Total Fund Balance	8,524	82,155	-	164	60,000	150,843	90,526
Total Liabilities and Fund Balance	\$ 8,713	\$ 82,155	\$ 7,029	\$ 164	\$ 60,000	\$ 158,061	\$ 90,567

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 ALL NON-MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	School Lunch Fund	Student Activities Fund	Title II Fund	Building Reserve Fund	PERS Reserve Fund	Totals	
						2016	2015
Revenues:							
Federal Sources	\$ 87,831	\$ -	\$ 7,029	\$ -	\$ -	\$ 94,860	\$ 82,392
State Sources	3,363	-	-	-	-	3,363	1,915
Other Local Sources	18,341	136,669	-	-	-	155,010	130,534
Total Revenues	<u>109,535</u>	<u>136,669</u>	<u>7,029</u>	<u>-</u>	<u>-</u>	<u>253,233</u>	<u>214,841</u>
Expenditures:							
Current:							
Instruction	-	125,042	-	-	-	125,042	99,716
Community Services	156,245	-	-	-	-	156,245	145,881
Total Expenditures	<u>156,245</u>	<u>125,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,287</u>	<u>245,597</u>
Revenues Over (Under) Expenditures	<u>(46,710)</u>	<u>11,627</u>	<u>7,029</u>	<u>-</u>	<u>-</u>	<u>(28,054)</u>	<u>(30,756)</u>
Other Financing Sources (Uses):							
Operating Transfers In	40,000	-	-	-	60,000	100,000	60,000
Operating Transfers Out	-	(4,600)	(7,029)	-	-	(11,629)	(7,029)
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>(4,600)</u>	<u>(7,029)</u>	<u>-</u>	<u>60,000</u>	<u>88,371</u>	<u>52,971</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(6,710)</u>	<u>7,027</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,317</u>	<u>22,215</u>
Beginning Fund Balances	<u>15,234</u>	<u>75,128</u>	<u>-</u>	<u>164</u>	<u>-</u>	<u>90,526</u>	<u>68,311</u>
Ending Fund Balances	<u>\$ 8,524</u>	<u>\$ 82,155</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 60,000</u>	<u>\$ 150,843</u>	<u>\$ 90,526</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 SCHOOL LUNCH FUND
 For the Fiscal Year Ended June 30, 2016

200 SCHOOL LUNCH FUND	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources	\$ 25,000	\$ 25,000	\$ 18,341	\$ (6,659)
State Sources	5,000	5,000	3,363	(1,637)
Federal Sources	75,000	75,000	87,831	12,831
Total Revenues	105,000	105,000	109,535	4,535
EXPENDITURES:				
Current:				
Enterprise & Community Service	165,000	165,000	156,245	8,755
Total Expenditures	165,000	165,000	156,245	8,755
Revenues Over (Under) Expenditures	(60,000)	(60,000)	(46,710)	13,290
Other Financing Sources (Uses)				
Operating Transfers In	60,000	60,000	40,000	(20,000)
Total Other Financing Sources	60,000	60,000	40,000	(20,000)
Revenues and Other Financing Sources Over (Under) Expenditures	-	-	(6,710)	(6,710)
Beginning Fund Balance	-	-	15,234	15,234
Ending Fund Balance	\$ -	\$ -	\$ 8,524	\$ 8,524

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 STUDENT ACTIVITIES FUNDS
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
201 STUDENT ACTIVITIES FUNDS				
REVENUES:				
Local Sources	\$ 120,000	\$ 120,000	\$ 136,669	\$ 16,669
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>136,669</u>	<u>16,669</u>
EXPENDITURES:				
Current:				
Instruction	180,000	175,000	125,042	49,958
Total Expenditures	<u>180,000</u>	<u>175,000</u>	<u>125,042</u>	<u>49,958</u>
Other Sources (Uses)				
Operating Transfers Out	-	(5,000)	(4,600)	400
Total Other Financing (Uses)	<u>-</u>	<u>(5,000)</u>	<u>(4,600)</u>	<u>400</u>
Revenues Over (Under) Expenditures and Other Uses	(60,000)	(60,000)	7,027	67,027
Beginning Fund Balance	<u>60,000</u>	<u>60,000</u>	<u>75,128</u>	<u>15,128</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,155</u>	<u>\$ 82,155</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 TITLE II FUND
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
220 TITLE II				
REVENUES:				
Federal Sources	\$ 8,000	\$ 8,000	\$ 7,029	\$ (971)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>7,029</u>	<u>(971)</u>
Other Sources (Uses)				
Operating Transfers Out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(7,029)</u>	<u>971</u>
Total Other Financing (Uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(7,029)</u>	<u>971</u>
Revenues Over (Under) Expenditures and Other Uses	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 BUILDING RESERVE FUND
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
205 BUILDING RESERVE FUND				
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
Building Acquisition and Construction	-	-	-	-
Total Expenditures	-	-	-	-
Revenues Over (Under) Expenditures	-	-	-	-
Beginning Fund Balance	-	-	164	164
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 164</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PERS RESERVE FUND
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
299 PERS RESERVE FUND				
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Other Financing Sources				
Operating Transfers In	-	60,000	60,000	
Total Other Financing Sources	-	60,000	60,000	-
Revenues and Other Financing Sources Over Expenditures	-	60,000	60,000	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ 60,000	\$ 60,000	\$ -

SCHOOL DISTRICT NO. 8-J
UNION COUNTY, OREGON
SCHEDULE OF STUDENT BODY FUNDS BY ACTIVITY
For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Add: Revenues	Less: Expenditures	Balance June 30, 2016
Art	\$ 25	\$ 1,545	\$ 1,415	\$ 155
Accelerated Reader	438	-	-	438
Athletics: General	150	-	150	-
Boys Basketball	1,076	3,140	4,023	193
Cheerleading	200	-	-	200
Dance Team	35	636	534	137
Football & Football Camp	2,579	4,659	2,600	4,638
Girls Basketball	12,504	5,345	11,799	6,050
Volleyball	1,466	5,383	6,091	758
Pink Volleyball	1,021	3,022	3,042	1,001
Jr. High Volleyball	664	632	620	676
Halibut Feed	-	34,126	34,126	-
Old Oregon League	827	-	499	328
Wrestling	679	-	679	-
Band	1,178	1,852	2,674	356
Class of:				
2015	1,022	-	1,022	-
2016	4,649	1,593	5,943	299
2017	8,431	8,887	2,418	14,900
2018	1,099	3,534	1,164	3,469
2019	1,779	2,087	825	3,041
2020	2,978	2,668	3,572	2,074
2021	640	3,566	1,166	3,040
2022	498	2,346	2,412	432
2023	356	144	-	500
2024	337	230	-	567
2025	270	50	-	320
2026	105	40	-	145
2027	80	-	-	80
2028	-	32	-	32
Middle School Dance	90	180	-	270
Ski Bus	509	585	800	294
Student Fee High School	84	1,908	1,872	120
Student Fee Jr. High	145	950	1,080	15
Home-Ec	-	917	913	4
Elementary School Supplies	-	2,150	2,060	90
Key Deposit Account	200	100	-	300
Preschool Fee	60	-	-	60
Purple Game	1,051	-	1,051	-
Riki's Room	4,780	-	570	4,210
Track	212	458	506	164
World Travel	5,909	10,365	6,250	10,024
Boys Baseball	-	58	58	-
Middle School Athletics	-	650	128	522
Saturday Morning Basketball	-	300	250	50
Technology Student Association	-	750	250	500

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF STUDENT BODY FUNDS BY ACTIVITY CONTINUED
 For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Add: Revenues	Less: Expenditures	Balance June 30, 2016
Gates	\$ 982	\$ 10,294	\$ 10,193	\$ 1,083
Drama	199	145	102	242
Elementary Health Fund	1,358	500	1,746	112
Farm to School	382	250	584	48
FFA	7,404	20,029	19,059	8,374
Giving Tree	723	1,974	1,186	1,511
Junior High Boys Basketball	38	-	-	38
Junior High Girls Basketball	906	543	948	501
Library	286	54	-	340
Powder Valley Floral Fund	290	106	219	177
PSAT	196	225	225	196
Shop Classes	606	870	240	1,236
Staff Development	340	808	895	253
Cove Playday	176	-	-	176
Scholarship	2,000	4,800	2,300	4,500
Placeholder	463	4,309	2,784	1,988
Yearbook	652	845	570	927
Total	<u>75,127</u>	<u>150,640</u>	<u>143,613</u>	<u>82,154</u>
Interfund Transfers	-	(13,970)	(13,970)	-
Grand Total	<u>\$ 75,127</u>	<u>\$ 136,670</u>	<u>\$ 129,643</u>	<u>\$ 82,155</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 STATEMENT OF TRANSACTIONS WITH COUNTY TREASURERS
 For the Fiscal Year Ended June 30, 2016

	<u>Totals</u>	<u>Baker County</u>	<u>Union County</u>
Cash on hand with County Treasurer from property taxes July 1, 2014	\$ -	\$ -	\$ -
Treasurers' Receipts:			
Current years' taxes plus interest	376,722	105,849	270,873
Prior years' taxes plus interest	<u>13,655</u>	<u>3,649</u>	<u>10,006</u>
Total Property Tax Plus Interest	390,376	109,497	280,879
Payment in Lieu of Tax	4,924	4,790	134
County School	5,909	-	5,909
Farm Disqualified	1	1	-
Fish & Wildlife	146	-	146
Private RR Car Tax	563	563	-
Bank Interest	46	5	41
Federal Forest Receipts	17,829	8,809	9,020
Land Sales	<u>353</u>	<u>315</u>	<u>38</u>
Total Treasurers' Receipts	<u>420,147</u>	<u>123,980</u>	<u>296,167</u>
Total Available for Disbursement	<u>420,147</u>	<u>123,980</u>	<u>296,167</u>
Treasurers Disbursements:			
Turnover to 8-J General Fund	<u>420,147</u>	<u>123,980</u>	<u>296,167</u>
Cash on hand with County Treasurer from property taxes June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 8-J
UNION COUNTY, OREGON
STATEMENT OF PROPERTY TAX TRANSACTIONS
For the Fiscal Year Ended June 30, 2016

	Taxes Receivable July 1, 2015	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2016
Tax Transactions						
BAKER COUNTY						
2015-16	\$ -	\$ 112,204	\$ 285	\$ (2,825)	\$ 105,793	\$ 3,871
2014-15	4,605	-	(536)	-	1,782	2,287
2013-14	2,128	-	8	-	590	1,546
2012-13	1,391	-	13	-	514	890
2011-12	607	-	5	-	251	361
2010-11	110	-	(3)	-	18	89
2009-10	17	-	(3)	-	(1)	15
All Prior Years	84	-	2	-	-	86
Total Tax Transaction	<u>\$ 8,942</u>	<u>\$ 112,204</u>	<u>\$ (229)</u>	<u>\$ (2,825)</u>	108,947	<u>\$ 9,145</u>

Interest Collections	550
Total Collections	<u>\$ 109,497</u>

	Taxes Receivable July 1, 2015	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2016
Tax Transactions						
UNION COUNTY						
2015-16	\$ -	\$ 288,683	\$ (237)	\$ (7,405)	\$ 270,664	\$ 10,377
2014-15	11,523	-	(543)	-	4,306	6,674
2013-14	5,547	-	(151)	-	1,510	3,886
2012-13	3,634	-	(199)	-	1,290	2,145
2011-12	1,811	-	(146)	-	704	961
2010-11	806	-	(34)	-	21	751
2009-10	996	-	(33)	-	18	945
All Prior Years	252	-	(11)	-	18	223
Total Tax Transaction	<u>\$ 24,569</u>	<u>\$ 288,683</u>	<u>\$ (1,354)</u>	<u>\$ (7,405)</u>	278,531	<u>\$ 25,962</u>

Interest Collections	2,348
Total Collections	<u>\$ 280,879</u>

SUPPLEMENTAL INFORMATION, 2015-2016

School District Business Managers and Auditors:

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

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

- A. Energy Bill for Heating - **All Funds:**
 Please enter your expenditures for electricity
 & heating fuel for these Functions & Objects.

	Objects 325 &326
Function 2540	\$46,855
Function 2550	\$0

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

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

\$6,337

School District No. 8-J
Union County, Oregon
Oregon Department of Education Required Schedule of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor	Program Title	Grant	Grant Period	CFDA Number	Grant Award	2015-16 Revenues	2015-16 Expenditures
Pass through Grantor		Number					
<u>U.S. Department of Agriculture - General Fund</u>							
Passed through Union County, Oregon							
	Federal Forest Fees	N/A	7/1/15 - 6/30/16	10.665	\$ 9,020	\$ 9,020	\$ 9,020
Passed through Baker County, Oregon							
	Federal Forest Fees	N/A	7/1/15 - 6/30/16	10.665	8,809	8,809	8,809
<u>Total U.S. Department of Agriculture - General Fund</u>					17,829	17,829	17,829
<u>U.S. Department of Education - Special Revenue Fund:</u>							
Direct Federal Grants:							
	Small, Rural School Achievement Program		7/1/14 - 09/30/15	84.358A	24,724	5,057	5,057
	Small, Rural School Achievement Program		7/1/15 - 09/30/17	84.358A	25,839	25,839	25,839
Passed through Oregon State Department of Education:							
	Title IA Formula	36035	7/1/54 - 9/30/16	84.010	46,290	46,290	46,290
	Title II A Teacher Quality	36232	7/1/15 - 9/30/16	84.367	7,029	7,029	7,029
	SPR&I Grant	37949	8/1/15 - 6/30/16	84.027	1,239	0	0
	IDEA Enhancement Grants - Discretionary	38389	10/1/15 - 9/30/16	84.027	1,591	1,007	1,007
	IDEA	33345	7/1/14 - 9/30/16	84.027	41,052	8,054	8,054
		36933	7/1/15 - 9/30/17	84.027	43,449	38,191	38,191
<u>Total U.S. Department of Education</u>					191,213	131,467	131,467
<u>U.S. Department of Agriculture - Special Revenue Fund:</u>							
Passed through Oregon State Department of Education:							
	National School Lunch	3114001	7/1/15 - 6/30/16	10.555	61,941	61,941	61,941
	National School Breakfast	3114001	7/1/15 - 6/30/16	10.553	18,140	18,140	18,140
	Commodities	3114001	7/1/15 - 6/30/16	10.550	7,750	7,750	7,750
	Total				87,831	87,831	87,831
Passed through Oregon State Department of Agriculture:							
	Specialty Crop Grant	3685-GR	10/1/15 - 3/31/18	10.170	97,651	15,228	24,212
	Specialty Crop Grant ext	3240-GR	10/1/12 - 10/1/15	10.170	23,630	1,034	1,034
Passed through Oregon State Department of Agriculture:							
	Rural Housing Services Facilities Grant RD3570-3		7/31/14 - 6/30/16	10.766	49,000	5,130	5,130
<u>Total U.S. Department of Agriculture</u>					209,112	109,223	118,207
<u>Total Special Revenue Funds</u>					400,325	240,690	249,674
Total Federal Financial Assistance					\$ 418,154	\$ 258,519	\$ 267,503

School District No. 8-J
Union County, Oregon
District Audit Revenue Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2016

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
Revenue from Local Sources								
1110 Ad Valorem Taxes Levied by District	\$396,370							\$396,370
1120 Local Option Ad Valorem Taxes Levied by District								0
1190 Penalties and Interest on Taxes								0
1200 Revenue from Local Governmental Units Other Than Districts								0
1311 Regular Day School Tuition - From Individuals								0
1312 Regular Day School Tuition - Other Dist Within State								0
1313 Regular Day School Tuition - Other Districts Outside								0
1320 Adult/Continuing Education Tuition								0
1330 Summer School Tuition								0
1411 Transportation Fees - From Individuals								0
1412 Transportation Fees - Other Dist Within State								0
1413 Transportation Fees - Other Districts Outside								0
1420 Summer School Transportation Fees								0
1500 Earnings on Investments	7,128							7,128
1600 Food Service		18,341						18,341
1700 Extracurricular Activities		136,669						136,669
1800 Community Services Activities								0
1910 Rentals								0
1920 Contributions and Donations From Private Sources	4,495	20,785		55,738				81,018
1930 Rental or Lease Payments From Private Contractors								0
1940 Services Provided Other Local Education Agencies	2,890							2,890
1950 Textbook Sales and Rentals								0
1960 Recovery of Prior Years' Expenditure	9,434							9,434
1970 Services Provided Other Funds								0
1980 Fees Charged to Grants								0
1990 Miscellaneous	19,207							19,207
Total Revenue from Local Sources	439,524	175,795	0	55,738	0	0	0	671,057
Revenue from Intermediate Sources								
2101 County School Funds	5,909							5,909
2102 Education Service District Apportionment								0
2105 Natural Gas, Oil, and Mineral Receipts								0
2110 Intermediate "I" Tax								0
2199 Other Intermediate Sources								0
2200 Restricted Revenue	1,500							1,500
2800 Revenue in Lieu of Taxes								0
2900 Revenue for/on Behalf of the District								0
Total Revenue from Intermediate Sources	7,409	0	0	0	0	0	0	7,409
Revenue from State Sources								
3101 State School Fund - General Support	2,645,800							2,645,800
3102 State School Fund - School Lunch Match								0
3103 Common School Fund	30,821							30,821
3104 State Managed County Timber								0
3106 State School Fund - Accrual								0
3199 Other Unrestricted Grants-in-Aid								0
3200 Restricted Grants-in-Aid								0
3222 State School Fund (SSF) Transportation Equipment								0
3299 Other Restricted Grants-in-Aid	5,576	3,363						8,939
3800 Revenue in Lieu of Taxes								0
3900 Revenue for/on Behalf of the District								0
Total Revenue from State Sources	2,682,197	3,363	0	0	0	0	0	2,685,560
Revenue from Federal Sources								
4100 Unrestricted Revenue Direct From the Federal Government		30,896						30,896
4200 Unrestricted Revenue From the Federal Government Through the State								0
4300 Restricted Revenue From the Federal Government				5,130				5,130
4500 Restricted Revenue From the Federal Government Through the State		149,662						149,662
4700 Grants-In-Aid From the Federal Gov't Through Other Agencies								0
4801 Federal Forest Fees	17,829							17,829
4802 Impact Aid to School Districts for Operation (PL 874)								0
4803 Coos Bay Wagon Road Funds								0
4899 Other Revenue in Lieu of Taxes								0
4900 Revenue for/on Behalf of the District		55,002						55,002
Total Revenue from Federal Sources	17,829	235,560	0	5,130	0	0	0	258,519
Revenue from Other Sources								
5100 Long Term Debt Financing Sources								0
5200 Interfund Transfers	4,600	107,029		40,000				151,629
5300 Sale of or Compensation for Loss of Fixed Assets								0
5400 Resources - Beginning Fund Balance	457,441	125,824		52,521				635,786
Total Revenue from Other Sources	462,041	232,853	0	92,521	0	0	0	787,415
Grand Totals	\$3,609,000	\$647,571	\$0	\$153,389	\$0	\$0	\$0	\$4,409,960

**School District No. 8-J
Union County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2016**

Fund: General Fund									
Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Primary, K-3	\$530,115	\$286,005	\$211,261	\$2,012	\$30,528	\$0	\$309	\$0
1113	Elementary Extracurricular	0							
1121	Middle/Junior High Programs	353,017	221,210	131,014		793			
1122	Middle/Junior High School Extracurricular	4,486	3,191	1,016		279			
1131	High School Programs	561,573	339,941	185,842	9,324	24,733		1,733	
1132	High School Extracurricular	127,351	74,794	14,856	14,888	7,902		14,911	
1140	Pre-Kindergarten Programs	31,196	15,070	16,126					
1210	Programs for the Talented and Gifted	0							
1220	Restrictive Programs for Students with Disabilities	0							
1250	Less Restrictive Programs for Students with Disabilities	167,152	88,248	73,409	3,286	2,209			
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	74,650	43,287	31,363					
1280	Alternative Education	24,712	13,868	1,138	9,706				
1291	English Second Language Programs	0							
1292	Teen Parent Program	0							
1293	Migrant Education	0							
1294	Youth Corrections Education	0							
1299	Other Programs	0							
1300	Adult/Continuing Education Programs	0							
1400	Summer School Programs	7,880	4,917	1,761		929		273	
Total Instruction Expenditures		1,882,132	1,090,531	667,786	39,216	67,373	0	17,226	0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	1,430			1,430				
2120	Guidance Services	1,634	318	116	1,200				
2130	Health Services	6,341			6,341				
2140	Psychological Services	0							
2150	Speech Pathology and Audiology Services	0							
2160	Other Student Treatment Services	0							
2190	Service Direction, Student Support Services	10,796			10,796				
2210	Improvement of Instruction Services	0							
2220	Educational Media Services	1,209				210		999	
2230	Assessment & Testing	1,110	855	255					
2240	Instructional Staff Development	18,693	6,701	1,550	8,607	64		1,771	
2310	Board of Education Services	26,346		1,334	22,412	190		2,410	
2320	Executive Administration Services	230,722	98,884	109,892	7,301	11,715		2,930	
2410	Office of the Principal Services	132,571	85,804	36,346	3,598	4,460		2,363	
2490	Other Support Services - School Administration	0							
2510	Direction of Business Support Services	0							
2520	Fiscal Services	81,496			74,570	5,916		1,010	
2540	Operation and Maintenance of Plant Services	253,592	81,489	60,885	65,761	18,231	1,921	25,305	
2550	Student Transportation Services	199,281			199,002	279			
2570	Internal Services	0							
2610	Direction of Central Support Services	0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0							
2630	Information Services	0							
2640	Staff Services	0							
2660	Technology Services	95,452			44,553	25,473	25,026	400	
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		1,060,673	274,051	210,378	445,571	66,538	26,947	37,188	0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	0	0	0	0	0	0	0	0
3200	Other Enterprise Services	0	0	0	0	0	0	0	0
3300	Community Services	0	0	0	0	0	0	0	0
3500	Custody and Care of Children Services	0	0	0	0	0	0	0	0
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	0	0	0	0	0	0	0	0
4120	Site Acquisition and Development Services	0	0	0	0	0	0	0	0
4150	Building Acquisition, Construction, and Improvement Services	0	0	0	0	0	0	0	0
4190	Other Facilities Construction Services	0	0	0	0	0	0	0	0
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	53,573	0	0	0	0	0	53,573	0
5200	Transfers of Funds	130,000	0	0	0	0	0	0	130,000
5300	Apportionment of Funds by ESD	0	0	0	0	0	0	0	0
Total Other Uses Expenditures		183,573	0	0	0	0	0	53,573	130,000
Grand Totals		3,126,378	1,364,582	878,164	484,787	133,911	26,947	107,987	130,000

School District No. 8-J
Union County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2016

Fund: Special Revenues									
Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Primary, K-3	\$0							
1112	Intermediate Programs	0							
1113	Elementary Extracurricular	0							
1121	Middle/Junior High Programs	0							
1122	Middle/Junior High School Extracurricular	0							
1131	High School Programs	0							
1132	High School Extracurricular	125,042				125,042			
1140	Pre-Kindergarten Programs	0							
1210	Programs for the Talented and Gifted	0							
1220	Restrictive Programs for Students with Disabilities	0							
1221	Learning Centers	0							
1250	Less Restrictive Programs for Students with Disabilities	46,245	27,241	19,004					
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	84,215	49,169	35,008	38				
1280	Alternative Education	0							
1291	English Second Language Programs	0							
1292	Teen Parent Program	0							
1293	Migrant Education	0							
1294	Youth Corrections Education	0							
1299	Other Programs	0							
1300	Adult/Continuing Education Programs	0							
1400	Summer School Programs	0							
Total Instruction Expenditures		255,502	76,410	54,012	38	125,042	0	0	0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	0							
2120	Guidance Services	0							
2130	Health Services	24,230	1,200	378		20,979		1,673	
2140	Psychological Services	0							
2150	Speech Pathology and Audiology Services	0							
2160	Other Student Treatment Services	0							
2190	Service Direction, Student Support Services	0							
2210	Improvement of Instruction Services	0							
2220	Educational Media Services	0							
2230	Assessment & Testing	0							
2240	Instructional Staff Development	1,006	75	27	904				
2310	Board of Education Services	0							
2321	Office of the Superintendent Services	0							
2410	Office of the Principal Services	0							
2490	Other Support Services - School Administration	0							
2510	Direction of Business Support Services	0							
2520	Fiscal Services	0							
2540	Operation and Maintenance of Plant Services	0							
2550	Student Transportation Services	0							
2570	Internal Services	0							
2610	Direction of Central Support Services	0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0							
2630	Information Services	0							
2640	Staff Services	0							
2660	Technology Services	0							
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		25,236	1,275	405	904	20,979	0	1,673	0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	182,787	47,368	54,798	1,105	69,010	5,000	5,506	
3200	Other Enterprise Services	0							
3300	Community Services	0							
3500	Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures		182,787	47,368	54,798	1,105	69,010	5,000	5,506	0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	0							
4120	Site Acquisition and Development Services	0							
4150	Building Acquisition, Construction, and Improvement Services	0							
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	0							
5200	Transfers of Funds	21,629							21,629
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		21,629	0	0	0	0	0	0	21,629
Grand Totals		\$485,154	\$125,053	\$109,215	\$2,047	\$215,031	\$5,000	\$7,179	\$21,629

**School District No. 8-J
Union County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2016**

Fund: Capital Projects		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures									
1111	Primary, K-3	\$0							
1112	Intermediate Programs	0							
1113	Elementary Extracurricular	0							
1121	Middle/Junior High Programs	0							
1122	Middle/Junior High School Extracurricular	0							
1131	High School Programs	0							
1132	High School Extracurricular	0							
1140	Pre-Kindergarten Programs	0							
1210	Programs for the Talented and Gifted	0							
1220	Restrictive Programs for Students with Disabilities	0							
1250	Less Restrictive Programs for Students with Disabilities	0							
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	0							
1280	Alternative Education	0							
1291	English Second Language Programs	0							
1292	Teen Parent Program	0							
1293	Migrant Education	0							
1294	Youth Corrections Education	0							
1299	Other Programs	0							
1300	Adult/Continuing Education Programs	0							
1400	Summer School Programs	0							
Total Instruction Expenditures		0	0	0	0	0	0	0	0
Support Services Expenditures									
2110	Attendance and Social Work Services	0							
2120	Guidance Services	0							
2130	Health Services	0							
2140	Psychological Services	0							
2150	Speech Pathology and Audiology Services	0							
2160	Other Student Treatment Services	0							
2190	Service Direction, Student Support Services	0							
2210	Improvement of Instruction Services	0							
2220	Educational Media Services	0							
2230	Assessment & Testing	0							
2240	Instructional Staff Development	0							
2310	Board of Education Services	0							
2320	Executive Administration Services	0							
2410	Office of the Principal Services	0							
2490	Other Support Services - School Administration	0							
2510	Direction of Business Support Services	0							
2520	Fiscal Services	0							
2540	Operation and Maintenance of Plant Services	3,207			241	2,966			
2550	Student Transportation Services	0							
2570	Internal Services	0							
2610	Direction of Central Support Services	0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0							
2630	Information Services	0							
2640	Staff Services	0							
2660	Technology Services	0							
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		3,207	0	0	241	2,966	0	0	0
Enterprise and Community Services Expenditures									
3100	Food Services	0							
3200	Other Enterprise Services	0							
3300	Community Services	0							
3500	Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures									
4110	Service Area Direction	0							
4120	Site Acquisition and Development Services	0							
4150	Building Acquisition, Construction, and Improvement Services	21,256			800	14,936	5,520		
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		21,256	0	0	800	14,936	5,520	0	0
Other Uses Expenditures									
5100	Debt Service	0							
5200	Transfers of Funds	0							
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		0	0	0	0	0	0	0	0
Grand Totals		\$24,463	\$0	\$0	\$1,041	\$17,902	\$5,520	\$0	\$0

School District No. 8-J
Union County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2016

Fund: Internal Service								
Instruction Expenditures								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	0							
1113 Elementary Extracurricular	0							
1121 Middle/Junior High Programs	0							
1122 Middle/Junior High School Extracurricular	0							
1131 High School Programs	0							
1132 High School Extracurricular	0							
1140 Pre-Kindergarten Programs	0							
1210 Programs for the Talented and Gifted	0							
1220 Restrictive Programs for Students with Disabilities	0							
1250 Less Restrictive Programs for Students with Disabilities	0							
1260 Early Intervention	0							
1271 Remediation	0							
1272 Title I	0							
1280 Alternative Education	0							
1291 English Second Language Programs	0							
1292 Teen Parent Program	0							
1293 Migrant Education	0							
1294 Youth Corrections Education	0							
1299 Other Programs	0							
1300 Adult/Continuing Education Programs	0							
1400 Summer School Programs	0							
Total Instruction Expenditures	0	0	0	0	0	0	0	0
Support Services Expenditures								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	0							
2120 Guidance Services	0							
2130 Health Services	0							
2140 Psychological Services	0							
2150 Speech Pathology and Audiology Services	0							
2160 Other Student Treatment Services	0							
2190 Service Direction, Student Support Services	0							
2210 Improvement of Instruction Services	0							
2220 Educational Media Services	0							
2230 Assessment & Testing	0							
2240 Instructional Staff Development	0							
2310 Board of Education Services	0							
2320 Executive Administration Services	0							
2410 Office of the Principal Services	0							
2490 Other Support Services - School Administration	0							
2510 Direction of Business Support Services	0							
2520 Fiscal Services	0							
2540 Operation and Maintenance of Plant Services	0							
2550 Student Transportation Services	0							
2570 Internal Services	0							
2610 Direction of Central Support Services	0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing	0							
2630 Information Services	0							
2640 Staff Services	0							
2660 Technology Services	0							
2670 Records Management Services	0							
2690 Other Support Services - Central	0							
2700 Supplemental Retirement Program	0							
Total Support Services Expenditures	0	0	0	0	0	0	0	0
Enterprise and Community Services Expenditures								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	0							
3200 Other Enterprise Services	0							
3300 Community Services	0							
3500 Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures	0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	0							
4120 Site Acquisition and Development Services	0							
4150 Building Acquisition, Construction, and Improvement Services	0							
4190 Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures	0	0	0	0	0	0	0	0
Other Uses Expenditures								
	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	0							
5200 Transfers of Funds	0							
5300 Apportionment of Funds by ESD	0							
Total Other Uses Expenditures	0	0	0	0	0	0	0	0
Grand Totals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**School District No. 8-J
Union County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2016**

Fund: Debt Service									
Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111	Primary, K-3	\$0							
1112	Intermediate Programs	0							
1113	Elementary Extracurricular	0							
1121	Middle/Junior High Programs	0							
1122	Middle/Junior High School Extracurricular	0							
1131	High School Programs	0							
1132	High School Extracurricular	0							
1140	Pre-Kindergarten Programs	0							
1210	Programs for the Talented and Gifted	0							
1220	Restrictive Programs for Students with Disabilities	0							
1250	Less Restrictive Programs for Students with Disabilities	0							
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	0							
1280	Alternative Education	0							
1291	English Second Language Programs	0							
1292	Teen Parent Program	0							
1293	Migrant Education	0							
1294	Youth Corrections Education	0							
1299	Other Programs	0							
1300	Adult/Continuing Education Programs	0							
1400	Summer School Programs	0							
Total Instruction Expenditures		0	0	0	0	0	0	0	0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110	Attendance and Social Work Services	0							
2120	Guidance Services	0							
2130	Health Services	0							
2140	Psychological Services	0							
2150	Speech Pathology and Audiology Services	0							
2160	Other Student Treatment Services	0							
2190	Service Direction, Student Support Services	0							
2210	Improvement of Instruction Services	0							
2220	Educational Media Services	0							
2230	Assessment & Testing	0							
2240	Instructional Staff Development	0							
2310	Board of Education Services	0							
2320	Executive Administration Services	0							
2410	Office of the Principal Services	0							
2490	Other Support Services - School Administration	0							
2510	Direction of Business Support Services	0							
2520	Fiscal Services	0							
2540	Operation and Maintenance of Plant Services	0							
2550	Student Transportation Services	0							
2570	Internal Services	0							
2610	Direction of Central Support Services	0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0							
2630	Information Services	0							
2640	Staff Services	0							
2660	Technology Services	0							
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		0	0	0	0	0	0	0	0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100	Food Services	0							
3200	Other Enterprise Services	0							
3300	Community Services	0							
3500	Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures		0	0	0	0	0	0	0	0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110	Service Area Direction	0							
4120	Site Acquisition and Development Services	0							
4150	Building Acquisition, Construction, and Improvement Services	0							
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100	Debt Service	0							
5200	Transfers of Funds	0							
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		0	0	0	0	0	0	0	0
Grand Totals		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Audit Comments and Disclosures Required by the State of Oregon

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of Union County School District 8-J as of and for the year ended June 30, 2016 and have issued our report thereon dated December 26, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

- Accounting and Internal Control Structure
- 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 distributions factors (ORS 327.013)

In connection with our testing nothing came to our attention that caused us to believe that Union County School District 8-J 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, except as follows in relation to our review of the 2016-17 budget:

- a) It was noted that in the budget document the 2013-14 actual numbers for the general fund, the school lunch fund, the miscellaneous grants fund, and the building reserve fund omitted the beginning fund balance amount as a resource.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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.

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 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.

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



Guyer & Associates
Certified Public Accountants
A Professional Corporation

December 26, 2016