

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

**AUDITED FINANCIAL STATEMENTS
As of and For the Fiscal Year Ended
June 30, 2017**

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 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, 2017

		<u>Term</u> <u>Expiration</u>
<u>Board of Directors:</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

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Scott A. Martin
Jacob J. Collier

Megan R. Adams
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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2017 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 10, and budgetary comparison information and schedules of proportionate share of net pension liability, and pension contributions on pages 38-42 be presented to supplement the basic financial statements.

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

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 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 38-42 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 43-65 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 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, 2017, 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, 2017

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, 2017**

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, 2017. 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, 2017, the District's assets plus deferred outflows exceeded its liabilities and deferred inflows by \$414,141. Most notably, the District reported an unfunded pension liability totaling \$3,187,629, for its proportionate share of the net pension liability.
- The District relies upon the State School Fund as its primary source of operating revenue. In 2017 the state school formula collections improved to \$2,853,112 from \$2,645,800 in 2016. Funding was up in this biennium with the implementation of full day kindergarten. With the additional kindergarten time, the District's remote elementary correction (funding calculation) increased. This change will affect the formula going forward.
- The increased revenue allowed the funding of additional college credits and counseling hours for students, adoption of Language Arts curriculum, plus a certified staff member at the middle/high school. The District honored the collective bargaining agreement with a COLA for staff.
- The District has three formal financing arrangements. 1) The District continued to make payments on its real estate loan through Community Bank, which carried a balance totaling \$847,671 at June 30, 2017. 2) A line of credit from Community Bank in the amount of \$100,000 to use toward finishing the shop building project. 3) The District purchased an additional 94 Chromebooks through an HP lease after they paid off the current lease that helped them to purchase 60 new Chromebooks in 2016.
- At June 30, 2017, the unassigned fund balance for the General Fund totaled \$578,760 or approximately 17% of total General Fund expenditures (including transfers and debt payments). The ending fund balance was up slightly from \$482,622 (16%) reported in the previous year.
- During the 2017 school year the District engaged in two major capital projects: 1) Seismic updates to the High School Gymnasium, through a State grant to seismically retrofit the gymnasium building with the goal of meeting or exceeding building codes and stability. The District was awarded \$676,200 for this project which was completed in September 2017; 2) The construction of a new Shop building, funded from donations, grants, and a general fund transfer. The District completed the framing and roofing of the building in 2017. The interior will be completed in 2018.
- In May 2017, the voters approved a \$3,000,000 capital bond measure. The bond measure along with the State Facility Grant of \$3,000,000 will allow the District to construct a new Middle School/High School building, a new gymnasium, an Elementary addition, and new locker rooms. The bonds were sold in August 2017 and the District is well underway in the planning and design phases of the project.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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.
- 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.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 64% of total assets (excluding the Net Pension Costs). The remaining assets are primarily current and consist of cash from the General Fund, property taxes receivable and inter-governmental receivables (primarily from grants). There is also a \$50,000 receivable from ODE, representing the settlement from the 2016-2017 May reconciliation. The District ended the year with 7 additional enrolled students or approximately \$49,500 over the amount the District was paid.

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.

	Governmental Activities		
	2017	2016	Difference
Current Assets	\$ 1,258,128	\$ 1,031,975	\$ 226,153
Net Pension Asset	-	-	-
Capital Assets	2,277,596	1,896,406	381,190
Estimated receivable on ODE Settlement	50,000	-	50,000
Net Deferred Pension Costs	1,716,624	-	1,716,624
Total Assets	5,302,348	2,928,381	607,343
Current Liabilities	578,344	316,662	261,682
Net Pension Liability	3,187,629	1,379,973	1,807,656
Long-Term Debt	872,259	951,364	(79,105)
Total Liabilities	4,638,232	2,647,999	1,990,233
Net Deferred Pension Investment Earnings	249,975	113,403	136,572
Total Liabilities and Deferred Inflows of Resources	4,888,207	2,761,402	2,126,805
Net Position:			
Investment in Capital Assets	1,317,228	1,035,259	281,969
Unrestricted (deficit)	(903,087)	(868,280)	(34,807)
Total Net Position	\$ 414,141	\$ 166,979	\$ 247,162

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental Activities. The notable elements of the change in the District's net position for the year ended June 30, 2017 are as follows:

- With the State Legislature providing additional support in the 2015-2017 biennium, the State revised the remote school calculation to include full day kindergarten. The District's funding increased with the implementation.
- Expenditures are decreased primarily due to the GASB 68 conversion of PERS related expenses to deferred outflows. The District started two large Capital projects with the building of the new shop and the Seismic grant that allowed for updates to the High School Gymnasium.
- The increased revenue allowed the District additional counseling hours, a certified position and to honor the collective bargaining agreement with a COLA for all staff. The District's PERS rates remained unchanged in the second year of the biennium, at 22.33% for Tier1/Tier2 and 17.64 for OPSRP members. The District continues to pay the PERS employee pick up of 6%.

	Governmental Activities		
	2017	2016	Difference
Revenues:			
Program Revenues			
Charges for Services	\$ 153,641	\$ 155,010	\$ (1,369)
Operating Grants and Contributions	320,078	273,893	46,185
Capital Grants and Contributions	355,123	60,868	294,255
General Revenues:			
Property Taxes	419,063	397,966	21,097
State and Federal School Sources	2,941,587	2,700,359	241,228
Other	100,287	45,029	55,258
Total Revenues	<u>4,289,779</u>	<u>3,633,125</u>	<u>656,654</u>
Expenses:			
Instruction	2,497,232	3,019,691	(522,459)
Support Services	1,153,388	1,261,074	(107,686)
Enterprise and Community Services	221,333	235,058	(13,725)
Facility Acquisition and Construction	135,031	15,736	119,295
Debt Service	35,633	36,527	(894)
Total Expenses	<u>4,042,617</u>	<u>4,568,086</u>	<u>(525,469)</u>
Change in Net Position	247,162	(934,961)	1,182,123
Net Position, July 1, 2016	166,979	1,101,940	(934,961)
Net Position, June 30, 2017	<u>\$ 414,141</u>	<u>\$ 166,979</u>	<u>\$ 247,162</u>

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds. The focus of the District's Governmental Funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, the 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, 2017 the District's Governmental Funds reported a combined ending fund balance of \$807,242. The balance is improved from \$773,965 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, 2017, the unassigned fund balance was \$578,760 compared to \$482,622 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 17% of total General Fund expenditures (including transfers and debt service) for the fiscal year ending June 30, 2017.

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 Special Revenue fund has a fund balance of \$185,020. The bulk of the special revenue funds is concentrated in an assigned ending fund balance for the Student Activities Fund, totaling \$87,331 and PERS Reserve Fund totaling \$90,000.

Capital Projects Fund. The District maintains three Capital Projects Funds to account for the revenue and expenditures related to the capital improvements, equipment purchases and larger maintenance projects.

- The 400 Fund is used for the District Wide capital projects including the Shop Project. The District received many grants and contributions for projects that included new front doors for the HS, keyless card locks for the Elementary, H.S. and gym, the purchase of a new mower and the completion of the outside of the Shop building. The District also paid for a facility assessment and long range planning for the District campus. This fund carried a \$32,778 fund balance at June 30, 2017.
- Fund 410 was opened in 2017 for the Seismic grant project. As mentioned above the District was awarded \$676,200 for Seismic updates to the High School Gymnasium, the purpose was to seismically retrofit the gymnasium building to meet or exceed building codes and stability. The project got under in the Spring of 2017 and was completed in September 2017.
- Fund 420 was also opened in 2017 for the Bond Project. In May 2017, the voters approved a \$3,000,000 capital bond measure. The bond measure, along with the State Facility Grant of \$3,000,000, will allow the District to construct a new Middle School/High School building, a new gymnasium, an Elementary addition, and new locker rooms. The bonds were sold in August 2017 and the District is well underway in the planning and design phases of the project. The construction of the project is scheduled to commence in June 2018 and be completed in 2019.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS

As with most school districts, the District relies heavily on the State of Oregon's State School fund. For the year ended June 30, 2017, the State School Fund – General Support provided 84% of the District's program resources for the General Fund. The percentage climbs to 97% 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.

State School funding improved with 51% of the State's biennium budget allocated to the 2017 school year. The increase allowed the District to fund additional college credits and counseling hours for students, adoption of Language Arts curriculum, and an additional certified staff member at the middle/high school. The District also improved technology by adding 94 new Chromebooks.

For the 2016-2017 school year, the District based its budget on 270 average daily enrollment and a beginning fund balance totaling \$412,000. The actual beginning fund balance totaled \$482,622 and the actual daily enrollment was on target with the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, construction in process, buildings and building improvements, furniture, vehicles and equipment. As of June 30, 2017, the District had invested \$2,277,596 in capital assets (net of depreciation), as shown in the following table:

	Governmental Activities
Land	\$ 141,568
Construction in Process	417,716
Buildings and Improvements	1,604,732
Furniture and Equipment	113,580
Total	\$ 2,277,596

Long-Term Debt. At June 30, 2017 the District the following in long-term debt:

	Debt	
Community Bank	\$ 847,671	Building Loan
Community Bank	100,000	Line of Credit
HP Financial	12,696	Computer Lease
Post-employment Benefits	76,569	
Total	\$ 1,036,936	

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

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Oregon Legislature passed a statewide K-12 education budget of \$8.2B budget for the 2017-2019 biennium. While this represents an eleven percent increase over the 2015-17 biennium's \$7.37 billion, a statewide shortfall still exists due to rising PERS costs.

The 2017-2018 budget is supported by 50% of the State's \$8.28B Basic School Support for the 2017-2019 biennium. State investment for the new biennium is significantly improved compared to the \$7.38B allocation in the 2015-2017 biennium. The supplementary revenue allowed the District to continue providing a first-rate education for all students by maintaining existing programs, increasing time allocated to remedial programs, and improved resources for programs. The District also added a half time Math interventionist and full time maintenance/janitorial position. In addition, the 2017-2018 budget includes the negotiated COLA and benefits per the collective bargaining agreements. PERS rates increased from 22.33% on Tier 1/Tier 2 employees and 17.64% on OPSRP employees to 27.20% and 21.87% respectively.

There is uncertainty in funding for the 2018-2019 school year. In January 2018, Oregon voters will decide to overturn a healthcare bill passed during the most recent legislative session. Measure 101 would repeal matching Medicaid payments paid by the healthcare industry. If voters pass this measure, there will be a \$320 million projected shortfall in the State budget. With the State School Fund representing 39% of the State budget, education could lose up to \$125 million.

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.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT NO. 8-J
UNION COUNTY, OREGON
STATEMENT OF NET POSITION
June 30, 2017
(With Comparative Totals for June 30, 2016)

	Total Governmental Activities	
	June 30, 2017	June 30, 2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Investments	\$ 738,182	\$ 820,591
Receivables:		
Property taxes	37,220	35,107
Intergovernmental	482,726	176,277
Total Current Assets	1,258,128	1,031,975
Capital assets:		
Construction in progress	417,716	-
Land	141,568	141,568
Buildings and improvements, net of accumulated depreciation	1,604,732	1,641,169
Equipment, net of accumulated depreciation	113,580	113,669
Total capital assets, net of accumulated depreciation	2,277,596	1,896,406
Other assets:		
Estimated receivable on ODE settlement	50,000	-
Total Assets	3,585,724	2,928,381
Deferred Outflows of Resources:		
Net Deferred Pension Costs	1,716,624	-
Total Assets and Deferred Outflows of Resources	5,302,348	2,928,381
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts and payroll taxes payable	413,666	213,919
Current portion, retiree health benefits	40,569	87,360
Community Bank line of credit	100,000	-
Current portion, long-term debt	24,109	15,383
Total Current Liabilities	578,344	316,662
Long-term liabilities:		
Postretirement health benefits payable	36,000	105,600
Note Payable HP Financial	6,480	-
Note payable Community Bank	829,779	845,764
Net Pension Liability	3,187,629	1,379,973
Total Long-Term Liabilities	4,059,888	2,331,337
Total liabilities	4,638,232	2,647,999
Deferred Inflows of Resources:		
Net Deferred Pension Earnings	249,975	113,403
Total Liabilities and Deferred Inflows of Resources	4,888,207	2,761,402
NET POSITION		
Invested in capital assets, net of related debt	1,317,228	1,035,259
Restricted	55,150	140,500
Unrestricted (Deficit)	(958,237)	(1,008,780)
Net Position	\$ 414,141	\$ 166,979

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

SCHOOL DISTRICT NO. 8-J, UNION COUNTY, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017
(With Summarized Totals for June 30, 2016)

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, 2017	June 30, 2016
Governmental:						
Instruction	\$ 2,497,232	\$ 132,249	\$ 138,104	\$ -	\$ (2,226,879)	\$ (2,758,584)
Support Services	1,153,388	-	54,112	-	(1,099,276)	(1,228,059)
Community and Enterprise Services	221,333	21,392	127,862	-	(72,079)	(100,277)
Facilities Acquisition & Construction	135,031	-	-	355,123	220,092	45,132
Debt Service: Interest	35,633	-	-	-	(35,633)	(36,527)
Total governmental activities	<u>\$ 4,042,617</u>	<u>\$ 153,641</u>	<u>\$ 320,078</u>	<u>\$ 355,123</u>	<u>\$ (3,213,775)</u>	<u>\$ (4,078,315)</u>

General revenues:

Property taxes	414,806	392,452
Utilities revenues in lieu of taxes	4,257	5,514
State School Fund - General Support	2,903,112	2,645,800
Common School Fund	30,869	30,821
County School Fund	5,986	5,909
Federal Forest Fees	1,620	17,829
Earnings on investments	12,026	7,128
Compensation for Loss on Fixed Assets	24,540	-
Miscellaneous	63,721	37,901
Total general revenues	<u>3,460,937</u>	<u>3,143,354</u>
Change in net assets	247,162	(934,961)
Net position - beginning	166,979	1,101,940
Net position - ending	<u>\$ 414,141</u>	<u>\$ 166,979</u>

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, 2017

With Summarized Financial Information at June 30, 2016

	<u>General Fund</u>	<u>Misc. Grants Fund</u>	<u>Title I Fund</u>
ASSETS			
Cash and Investments	\$ 529,429	\$ -	\$ -
Receivables:			
Property Taxes	37,220	-	-
Intergovernmental	25,572	76,301	59,423
Due from Other Funds	254,047	-	-
Total Assets	<u>\$ 846,268</u>	<u>\$ 76,301</u>	<u>\$ 59,423</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts and Payroll Taxes Payable	\$ 230,288	\$ 730	\$ -
Due to Other Funds	-	64,199	59,423
Total Liabilities	<u>230,288</u>	<u>64,929</u>	<u>59,423</u>
Deferred Inflows of Resources:			
Federal Grants	-	-	-
Deferred Property Taxes	37,220	-	-
Total Deferred Inflows of Resources	<u>37,220</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Fund Balances			
Restricted	-	11,372	-
Assigned	-	-	-
Unassigned	578,760	-	-
Total Fund Balance	<u>578,760</u>	<u>11,372</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 846,268</u>	<u>\$ 76,301</u>	<u>\$ 59,423</u>

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

Seismic Grant Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
		2017	2016
\$ -	\$ 219,753	\$ 738,182	\$ 820,591
-	-	37,220	35,107
300,901	9,529	482,726	176,277
-	-	254,047	119,878
<u>\$ 300,901</u>	<u>\$ 229,282</u>	<u>\$ 1,512,175</u>	<u>\$ 1,151,853</u>
\$ 177,660	\$ 4,988	\$ 413,666	\$ 213,919
123,241	7,184	254,047	119,878
<u>300,901</u>	<u>12,172</u>	<u>667,713</u>	<u>333,797</u>
-	-	-	8,984
-	-	37,220	35,107
-	-	37,220	44,091
-	32,778	55,150	140,500
-	185,020	185,020	150,843
-	(688)	567,072	482,622
-	217,110	807,242	773,965
<u>\$ 300,901</u>	<u>\$ 229,282</u>	<u>\$ 1,512,175</u>	<u>\$ 1,151,853</u>

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SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 RECONCILIATION OF GOVERNMENTAL FUNDS
 BALANCE SHEET TO STATEMENT OF NET POSITION
 June 30, 2017
 With Comparative Totals For the Year Ended June 30, 2016

	2017	2016
TOTAL FUND BALANCES	\$ 807,242	\$ 773,965
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	5,032,484	4,577,193
Accumulated Depreciation	(2,754,888)	(2,680,787)
Total Fixed Assets	2,277,596	1,896,406
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.		
	37,220	35,107
The District is entitled to receive 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 estimated settlement of the state school fund grant for the current fiscal year will not be received soon enough after year-end to pay for current period's expenditures and therefore is not reported on the fund financial statements.		
	50,000	-
The District's unfunded liability to PERS for pension costs and deferred pension plan earnings (net of deferred costs) is not expected to be paid from current financial resources, and therefore is not accrued on the fund financial statements.		
	(1,720,980)	(1,493,376)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities:		
Note payable Community Bank	(847,671)	(861,146)
Note payable Community Bank (LOC)	(100,000)	-
Note payable HP Financial	(12,696)	
Postretirement benefits payable	(76,569)	(192,960)
TOTAL NET POSITION	\$ 414,141	\$ 166,979

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, 2017
 With Summarized Financial Information for the Year Ended June 30, 2016

	General Fund	Misc. Grants Fund	Title I Fund
Revenues:			
Taxes	\$ 416,950	\$ -	\$ -
Intermediate Sources	5,986	-	-
State Sources	2,889,831	18,428	-
Federal Sources	1,620	123,768	59,423
Interest Earnings	12,026	-	-
Other Local Sources	55,774	30,597	-
Total Revenues	3,382,187	172,793	59,423
Expenditures:			
Current:			
Instruction	2,020,152	113,188	59,423
Support Services	1,114,329	23,199	-
Enterprise & Community Services	-	36,608	-
Facilities Acquisition & Construction	-	-	-
Total Expenditures	3,134,481	172,995	59,423
Excess (Deficiency) of Revenue Over (Under) Expenditures	247,706	(202)	-
Other Financing Sources (Uses)			
Operating Transfers In	3,000	-	-
Operating Transfers Out	(130,000)	-	-
Debt Service - Principal	(21,605)	-	-
Debt Service - Interest	(27,503)	-	-
Loan Proceeds	-	-	-
Compensation for Loss on Fixed Assets	24,540	-	-
Total Other Financing Sources (Uses)	(151,568)	-	-
Excess of Revenue & Other Financing Sources Over Expenditures and Other Financing Uses	96,138	(202)	-
Fund Balance, July 1	482,622	11,574	-
Fund Balance, June 30	\$ 578,760	\$ 11,372	\$ -

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

Seismic Grant Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
		2017	2016
\$ -	\$ -	\$ 416,950	\$ 396,370
-	-	5,986	7,409
300,901	3,773	3,212,933	2,685,560
-	103,392	288,203	258,519
-	-	12,026	7,128
-	199,641	286,012	267,559
<u>300,901</u>	<u>306,806</u>	<u>4,222,110</u>	<u>3,622,545</u>
-	131,257	2,324,020	2,137,631
-	30,698	1,168,226	1,089,118
-	174,150	210,758	182,788
300,901	260,360	561,261	21,256
<u>300,901</u>	<u>596,465</u>	<u>4,264,265</u>	<u>3,430,793</u>
-	(289,659)	(42,155)	191,752
-	130,000	133,000	151,629
-	(3,000)	(133,000)	(151,629)
-	-	(21,605)	(18,875)
-	-	(27,503)	(34,698)
-	100,000	100,000	-
-	-	24,540	-
-	<u>227,000</u>	<u>75,432</u>	<u>(53,573)</u>
-	(62,659)	33,277	138,179
-	279,769	773,965	635,786
<u>\$ -</u>	<u>\$ 217,110</u>	<u>\$ 807,242</u>	<u>\$ 773,965</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, 2017
 With Comparative Totals For the Year Ended June 30, 2016

	2017	2016
NET CHANGE IN FUND BALANCE	\$ 33,277	\$ 138,179
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	442,592	5,520
Less current year depreciation	(74,098)	(101,467)
	368,494	(95,947)
Loan Proceeds are reported as revenue in the fund financial statements. However, in the statement of activities, the proceeds are not reported, but are instead reported as a liability on the statement of net position.		
	(100,000)	-
Change in state settlement receivable or payable		
	50,000	-
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	2,113	1,596
Federal grant revenue	(8,984)	8,984
	(6,871)	10,580
Pension costs are expensed based on actuarially determined amounts		
	(227,604)	(1,097,727)
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:		
	116,391	88,877
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	13,475	21,077
CHANGE IN NET POSITION	\$ 247,162	\$ (934,961)

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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, 2017, the District reports the General Fund, Miscellaneous Grants Fund, Title I Fund, and Seismic Grant 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 Seismic Grant Fund is used to account for the revenue and expenditures related to State of Oregon grant funds received to do seismic upgrade work on the District's buildings.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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 the associated students body accounts. Principal revenue sources are federal and state grants, cash sales of food, and fundraising activities. Funds included in the Special Revenue Funds category are School Lunch Fund, Student Activities, Title II, Building Reserve, and PERS Reserve.

Capital Projects Funds:

The Capital Projects Funds account for revenues and expenditures restricted for the purpose of building construction, expansion and improvements. Principal revenue sources are federal and state grants. Funds included in the Capital Projects Funds category are the 2017 Bond Fund and the Capital Projects Fund. The 2017 Bond Fund was created as a result of the May 2017 election in which the voters passed a \$3 million bond for the construction of a new school. The bond revenue is to be matched with a \$3 million facilities grant from the State of Oregon.

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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2016 and June 30, 2017 there was only one employee 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 three employees who agreed to retire early in exchange for this benefit. The total OPEB liability at June 30, 2017 was \$76,569. The amount paid for participation in the early retirement program was approximately \$54,717 and \$88,877 for June 30, 2017 and June 30, 2016, 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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fund balance is as follows at June 30, 2017:

	General Fund	Major Special Revenue and Capital Projects Funds			Non-Major Special Revenue Funds	Total
		Seismic Grant Fund	Misc. Grants Fund	Title I Fund		
Fund Balances:						
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Health and Wellness	-	-	11,372	-	-	11,372
Building Construction	-	-	-	-	32,778	32,778
Assigned to:						
PERS Liabilities	-	-	-	-	90,000	90,000
Food Service	-	-	-	-	7,525	7,525
Student Activities	-	-	-	-	87,331	87,331
Building Construction	-	-	-	-	164	164
Unassigned:	578,760	-	-	-	(688)	578,072
	<u>\$ 578,760</u>	<u>\$ -</u>	<u>\$ 11,372</u>	<u>\$ -</u>	<u>\$ 217,110</u>	<u>\$ 807,242</u>

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

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:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>

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, capital lease debt owed to HP Financial, 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.

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 | |

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget, Continued

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.

Following is a summary of District cash and investments at June 30, 2017 and June 30, 2016:

	2017	2016
Cash in bank demand deposit (Interest of 0% and 0% at June 30, 2017 and 2016) US Bank - general checking	\$ 44,240	\$ 18,960
Cash in bank demand deposit (Interest of .05% and .05% at June 30, 2017 and 2016) Community Bank - general checking	182,784	29,063
Cash in bank demand deposit (Interest of .05% and .05% at June 30, 2017 and 2016) Community Bank - student account	87,331	82,155
Demand deposits in Local Government Investment Pool (cost approximates market, interest approximately 1.45% and 0.875% at June 30, 2017 and 2016, respectively)	423,827	690,413
Total Cash and Investments	\$ 738,182	\$ 820,591

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

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, 2017. The State Treasurer's short-term investment pool is not rated.

3. RECEIVABLES

Receivables as of June 30, 2017 are comprised of property tax receivables in the amount of \$37,220, Federal grant funds in the amount of \$135,431, State grant funds in the amount of \$335,187, and Local resources of \$12,106. 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.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets not being depreciated:				
Land	\$ 141,568	\$ -	\$ -	\$ 141,568
Construction in progress	-	417,716	-	417,716
Total capital assets not being depreciated	<u>141,568</u>	<u>417,716</u>	<u>-</u>	<u>559,284</u>
Capital Assets being depreciated:				
Buildings and improvements	3,407,021	8,514	-	3,415,535
Equipment and vehicles	1,028,607	29,058	-	1,057,665
Total capital assets being depreciated	<u>4,435,628</u>	<u>37,572</u>	<u>-</u>	<u>4,473,200</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,765,852)	(44,951)	-	(1,810,803)
Equipment and vehicles	(914,938)	(29,147)	-	(944,085)
Total accumulated depreciation	<u>(2,680,790)</u>	<u>(74,098)</u>	<u>-</u>	<u>(2,754,888)</u>
Total capital assets being depreciated, net	<u>1,754,838</u>	<u>(36,526)</u>	<u>-</u>	<u>1,718,312</u>
Total capital assets, net	<u>\$ 1,896,406</u>	<u>\$ 381,190</u>	<u>\$ -</u>	<u>\$ 2,277,596</u>

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

Prior year capital asset activity 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	\$ 1,992,353	\$ (95,947)	\$ -	\$ 1,896,406

Depreciation expense of \$74,098 and \$101,467 for the years ended June 30, 2017 and 2016 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 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.

During the year ended June 30, 2017, the District entered into a capital lease arrangement with HP Financial for the purchase of computers. This agreement is for three years with annual payments of \$6,754 including implicit interest of 4.23%.

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

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	Period End June 30, 2027	Period End June 30, 2032	Period End June 30, 2037	Period End June 30, 2042	Period End June 30, 2045	Totals
Postemployment											
Benefits	\$ 40,569	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,569
HP Financial - Principal	6,216	6,480	-	-	-	-	-	-	-	-	12,696
HP Financial - Interest	537	274	-	-	-	-	-	-	-	-	811
Community Bank - Principal	17,893	18,668	19,477	20,321	21,202	120,615	149,117	184,349	227,916	68,113	847,671
Community Bank - Interest	35,680	34,905	34,096	33,252	32,371	147,249	118,748	83,512	39,949	2,024	561,786
Total	<u>\$ 100,895</u>	<u>\$ 96,327</u>	<u>\$ 53,573</u>	<u>\$ 53,573</u>	<u>\$ 53,573</u>	<u>\$ 267,864</u>	<u>\$ 267,865</u>	<u>\$ 267,861</u>	<u>\$ 267,865</u>	<u>\$ 70,137</u>	<u>\$ 1,499,533</u>

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

6. INTERFUND TRANSACTIONS

Interfund transfers for the years ended June 30, 2017 and June 30, 2016 are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>		<u>Transfers Out</u>	<u>Transfers In</u>
	<u>2017</u>			<u>2016</u>	
General Fund	\$ 130,000	\$ 3,000		\$ 130,000	\$ 4,600
Misc. Grants Fund	-	-		10,000	-
Title I Fund	-	-		-	7,029
Seismic Grant Fund	-	-		-	40,000
Non-Major					
Governmental	3,000	130,000	-	11,629	100,000
Total	<u>\$ 133,000</u>	<u>\$ 133,000</u>		<u>\$ 151,629</u>	<u>\$ 151,629</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, 2017

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, 2017

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, 2017

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, 2017

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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were \$281,612, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal years ended June 30, 2017 and June 30, 2016 were 22.33 percent for Tier One/Tier Two and 17.64 percent for OPSRP, , and 6 percent for OPSRP Individual Account Program. The amount recorded in the Statement of Activities as current year pension expense after actuarial valuation adjustments is \$227,604.

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.

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

At June 30, 2017 the District had a liability of \$3,187,629 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was .0212 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 105,461	\$ -
Changes in assumptions	679,845	-
Net difference between projected and actual earnings on pension plan investments	629,742	-
Net changes in proportionate share and difference between District contributions and proportionate share of contributions	19,964	(249,975)
Subtotal - Amortized deferrals (below)	1,435,012	(249,975)
District contributions subsequent to measurement date	281,612	-
Net deferred outflow (inflow) of resources	\$ 1,716,624	\$ (249,975)

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

8. PENSION PLAN, CONTINUED

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

Subtotal amounts related to pension as deferred outflows of resources, \$1,435,012 and deferred inflows of resources, \$(249,975), net to \$1,185,037 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 191,708
2019	191,708
2020	429,599
2021	329,906
2022	42,116
Thereafter	-
	<u>\$ 1,185,037</u>

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.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	12/31/2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.5 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

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

8. PENSION PLAN, CONTINUED

Actuarial Valuations and Assumptions, Continued

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

Discount rate

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

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, 2017

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%
	<hr/>	
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.75%

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

8. PENSION PLAN, CONTINUED

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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,146,959	\$ 3,187,629	\$ 1,549,973

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.

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.

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 2015-2016 year was made in May 2017, the actual amount receivable from the State was \$91,621, none of which had been accrued in the prior year on the Statement of Net Position. For the fiscal year ended June 30, 2017, the estimated receivable from/payable to the State is \$50,000.

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 \$64,199 to the Miscellaneous Grants fund, \$59,423 to the Title I Fund, \$123,241 to the Seismic Grant Fund, and \$7,184 to the Title II Fund as of June 30, 2017. 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, 2017

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, 2016, from which the summarized information was derived.

13. SUBSEQUENT EVENT

In November of 2016 the District was approved for a \$100,000 line of credit through Community Bank to be used for the completion of the new shop facility. The District took a \$100,000 advance on that line in June of 2017. In November of 2017 it was converted to a 15-year term loan. The annual payment will be \$9,904 with an initial interest rate of 5.33%, to be adjusted after 5 years.

Management has considered subsequent events through December 26, 2017 in relation to additional disclosures or adjustments that are required to be made in these financial statements.

14. DEFICIT FUND BALANCE

At June 30, 2017 the 2017 Bond Fund, a non-major capital projects fund, had a deficit fund balance of \$688 related to expenditures accrued for goods or services provided during the 2016-17 year.

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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, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 390,000	\$ 390,000	\$ 416,950	\$ 26,950
Intermediate Sources	11,200	11,200	5,986	(5,214)
State Sources	2,683,800	2,773,800	2,889,831	116,031
Federal Sources	19,000	19,000	1,620	(17,380)
Interest Earnings	5,000	5,000	12,026	7,026
Other Local Sources	27,000	27,000	55,774	28,774
Total Revenues	<u>3,136,000</u>	<u>3,226,000</u>	<u>3,382,187</u>	<u>156,187</u>
Expenditures:				
Current:				
Instruction	1,995,455	2,020,455	2,020,152	303
Support Services	1,117,545	1,127,545	1,114,329	13,216
Operating Contingency	70,000	70,000	-	70,000
Total Expenditures	<u>3,183,000</u>	<u>3,218,000</u>	<u>3,134,481</u>	<u>83,519</u>
Revenues Over (Under) Expenditures	<u>(47,000)</u>	<u>8,000</u>	<u>247,706</u>	<u>239,706</u>
Other Financing Sources (Uses):				
Debt Service - Principal	(21,500)	(21,500)	(21,605)	(105)
Debt Service - Interest	(38,500)	(38,500)	(27,503)	10,997
Compensation for Loss on Fixed Assets	-	-	24,540	24,540
Operating Transfers Out	(75,000)	(140,000)	(130,000)	10,000
Operating Transfers In	-	10,000	3,000	(7,000)
Total Other Financing Sources (Uses)	<u>(135,000)</u>	<u>(190,000)</u>	<u>(151,568)</u>	<u>38,432</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(182,000)	(182,000)	96,138	278,138
Fund Balances, Beginning	<u>412,000</u>	<u>412,000</u>	<u>482,622</u>	<u>70,622</u>
Fund Balances, Ending	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ 578,760</u>	<u>\$ 348,760</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
202 MISC GRANTS				
REVENUES:				
Local Sources	\$ 52,000	\$ 52,000	\$ 30,597	\$ (21,403)
State Sources	31,000	46,000	18,428	(27,572)
Federal Sources	<u>157,000</u>	<u>157,000</u>	<u>123,768</u>	<u>(33,232)</u>
Total Revenue	<u>240,000</u>	<u>255,000</u>	<u>172,793</u>	<u>(82,207)</u>
EXPENDITURES				
Current:				
Instruction	161,000	161,000	113,188	47,812
Support Services	51,000	51,000	23,199	27,801
Enterprise and Community Services	<u>28,000</u>	<u>43,000</u>	<u>36,608</u>	<u>6,392</u>
Total Expenditures	<u>240,000</u>	<u>255,000</u>	<u>172,995</u>	<u>82,005</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(202)</u>	<u>(202)</u>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Financing Uses	-	-	(202)	(202)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>11,574</u>	<u>11,574</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,372</u>	<u>\$ 11,372</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
210 TITLE I				
REVENUES:				
Federal Sources	\$ 60,500	\$ 60,500	\$ 59,423	\$ (1,077)
Total Revenues	<u>60,500</u>	<u>60,500</u>	<u>59,423</u>	<u>(1,077)</u>
EXPENDITURES:				
Current:				
Instruction	68,000	68,000	59,423	8,577
Total Expenditures	<u>68,000</u>	<u>68,000</u>	<u>59,423</u>	<u>8,577</u>
Revenues Over (Under) Expenditures	(7,500)	(7,500)	-	7,500
Other Sources (Uses)				
Operating Transfers In	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>
Total Other Financing Sources	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>(7,500)</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
 SEISMIC GRANT FUND
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
410 SEISMIC GRANT FUND				
REVENUES				
State Sources	\$ -	\$ 301,000	\$ 300,901	\$ (99)
Total Revenues	-	301,000	300,901	(99)
EXPENDITURES:				
Current:				
Building Acquisition and Construction	-	301,000	300,901	99
Total Expenditures	-	301,000	300,901	99
Revenues Over (Under) Expenditures	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT NO. 8-J
UNION COUNTY OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2017

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
2017	0.03%	\$ 3,187,629	\$ 1,410,672	225.97%	80.53%
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
2017	\$ 281,612	\$ 281,612	\$ -	\$ 1,410,672	19.96%
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
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2017
 With Comparative Totals For June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Totals	
			2017	2016 *
ASSETS				
Cash and Investments	\$ 183,775	\$ 35,978	\$ 219,753	\$ 278,796
Intergovernmental	9,529	-	9,529	8,707
Total Assets	\$ 193,304	\$ 35,978	\$ 229,282	\$ 287,503
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 1,100	\$ 3,888	\$ 4,988	\$ 705
Due to Other Funds	7,184	-	7,184	7,029
Total Liabilities	8,284	3,888	12,172	7,734
Fund Balance:				
Fund Balance:				
Restricted	-	32,778	32,778	128,926
Assigned	185,020	-	185,020	150,843
Unassigned	-	(688)	(688)	-
Total Fund Balance	185,020	32,090	217,110	279,769
Total Liabilities and Fund Balance	\$ 193,304	\$ 35,978	\$ 229,282	\$ 287,503

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/16 and 6/30/17

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2017
 With Comparative Totals For the Year Ended June 30, 2016

	Special Revenue Funds	Capital Projects Funds	Totals	
			2017	2016 *
Revenues:				
Federal Sources	\$ 95,170	\$ 8,222	\$ 103,392	\$ 99,990
State Sources	3,773	-	3,773	3,363
Other Local Sources	153,641	46,000	199,641	210,748
Total Revenues	<u>252,584</u>	<u>54,222</u>	<u>306,806</u>	<u>314,101</u>
Expenditures:				
Current:				
Instruction	131,257	-	131,257	125,042
Support Services	-	30,698	30,698	3,207
Community Services	174,150	-	174,150	156,245
Facilities Acquisition & Construction	-	260,360	260,360	21,256
Total Expenditures	<u>305,407</u>	<u>291,058</u>	<u>596,465</u>	<u>305,750</u>
Revenues Over (Under) Expenditures	<u>(52,823)</u>	<u>(236,836)</u>	<u>(289,659)</u>	<u>8,351</u>
Other Financing Sources (Uses):				
Operating Transfers In	90,000	40,000	130,000	140,000
Operating Transfers Out	(3,000)	-	(3,000)	(11,629)
Loan Proceeds	-	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>87,000</u>	<u>140,000</u>	<u>227,000</u>	<u>128,371</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	34,177	(96,836)	(62,659)	136,722
Fund Balances, Beginning	<u>150,843</u>	<u>128,926</u>	<u>279,769</u>	<u>143,047</u>
Fund Balances, Ending	<u>\$ 185,020</u>	<u>\$ 32,090</u>	<u>\$ 217,110</u>	<u>\$ 279,769</u>

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/16 and 6/30/17

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING BALANCE SHEET - ALL NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2017
 With Comparative Totals For June 30, 2016

	School Lunch Fund	Student Activities Fund	Title II Fund	Building Reserve Fund	PERS Reserve Fund	Totals	
						2017	2016
ASSETS							
Cash and Investments	\$ 6,280	\$ 87,331	\$ -	\$ 164	\$ 90,000	\$ 183,775	\$ 149,354
Receivables:							
Intergovernmental	2,345	-	7,184	-	-	9,529	8,707
Total Assets	<u>\$ 8,625</u>	<u>\$ 87,331</u>	<u>\$ 7,184</u>	<u>\$ 164</u>	<u>\$ 90,000</u>	<u>\$ 193,304</u>	<u>\$ 158,061</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	\$ 1,100	\$ -	\$ -	\$ -	\$ -	\$ 1,100	\$ 189
Due to Other Funds	-	-	7,184	-	-	7,184	7,029
Total Liabilities	<u>1,100</u>	<u>-</u>	<u>7,184</u>	<u>-</u>	<u>-</u>	<u>8,284</u>	<u>7,218</u>
Fund Balance:							
Fund Balance: Assigned	<u>7,525</u>	<u>87,331</u>	<u>-</u>	<u>164</u>	<u>90,000</u>	<u>185,020</u>	<u>150,843</u>
Total Fund Balance	<u>7,525</u>	<u>87,331</u>	<u>-</u>	<u>164</u>	<u>90,000</u>	<u>185,020</u>	<u>150,843</u>
Total Liabilities and Fund Balance	<u>\$ 8,625</u>	<u>\$ 87,331</u>	<u>\$ 7,184</u>	<u>\$ 164</u>	<u>\$ 90,000</u>	<u>\$ 193,304</u>	<u>\$ 158,061</u>

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, 2017
 With Comparative Totals For the Year Ended June 30, 2016

	School Lunch Fund	Student Activities Fund	Title II Fund	Building Reserve Fund	PERS Reserve Fund	Totals	
						2017	2016
Revenues:							
Federal Sources	\$ 87,986	\$ -	\$ 7,184	\$ -	\$ -	\$ 95,170	\$ 94,860
State Sources	3,773	-	-	-	-	3,773	3,363
Other Local Sources	21,392	132,249	-	-	-	153,641	155,010
Total Revenues	<u>113,151</u>	<u>132,249</u>	<u>7,184</u>	<u>-</u>	<u>-</u>	<u>252,584</u>	<u>253,233</u>
Expenditures:							
Current:							
Instruction	-	124,073	7,184	-	-	131,257	125,042
Community Services	174,150	-	-	-	-	174,150	156,245
Total Expenditures	<u>174,150</u>	<u>124,073</u>	<u>7,184</u>	<u>-</u>	<u>-</u>	<u>305,407</u>	<u>281,287</u>
Revenues Over (Under) Expenditures	<u>(60,999)</u>	<u>8,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,823)</u>	<u>(28,054)</u>
Other Financing Sources (Uses):							
Operating Transfers In	60,000	-	-	-	30,000	90,000	100,000
Operating Transfers Out	-	(3,000)	-	-	-	(3,000)	(11,629)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>87,000</u>	<u>88,371</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(999)</u>	<u>5,176</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>34,177</u>	<u>60,317</u>
Beginning 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>
Ending Fund Balances	<u>\$ 7,525</u>	<u>\$ 87,331</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 90,000</u>	<u>\$ 185,020</u>	<u>\$ 150,843</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, 2017

200 SCHOOL LUNCH FUND	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources	\$ 25,000	\$ 25,000	\$ 21,392	\$ (3,608)
State Sources	5,000	15,000	3,773	(11,227)
Federal Sources	80,000	80,000	87,986	7,986
Total Revenues	<u>110,000</u>	<u>120,000</u>	<u>113,151</u>	<u>(6,849)</u>
EXPENDITURES:				
Current:				
Enterprise & Community Service	<u>170,000</u>	<u>180,000</u>	<u>174,150</u>	<u>5,850</u>
Total Expenditures	<u>170,000</u>	<u>180,000</u>	<u>174,150</u>	<u>5,850</u>
Revenues Over (Under) Expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,999)</u>	<u>(999)</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total Other Financing Sources	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	-	-	(999)	(999)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>8,524</u>	<u>8,524</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,525</u>	<u>\$ 7,525</u>

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, 2017

	<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	\$ 132,249	\$ 12,249
State Sources	-	10,000	-	(10,000)
Total Revenues	<u>120,000</u>	<u>130,000</u>	<u>132,249</u>	<u>2,249</u>
EXPENDITURES:				
Current:				
Instruction	<u>180,000</u>	<u>180,000</u>	<u>124,073</u>	<u>55,927</u>
Total Expenditures	<u>180,000</u>	<u>180,000</u>	<u>124,073</u>	<u>55,927</u>
Other Sources (Uses)				
Operating Transfers Out	-	(10,000)	(3,000)	7,000
Total Other Financing (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(3,000)</u>	<u>7,000</u>
Revenues Over (Under) Expenditures and Other Uses	<u>(60,000)</u>	<u>(60,000)</u>	<u>5,176</u>	<u>65,176</u>
Beginning Fund Balance	<u>60,000</u>	<u>60,000</u>	<u>82,155</u>	<u>22,155</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,331</u>	<u>\$ 87,331</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, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
220 TITLE II				
REVENUES:				
Federal Sources	\$ 7,500	\$ 7,500	\$ 7,184	\$ (316)
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>7,184</u>	<u>(316)</u>
EXPENDITURES:				
Current:				
Instruction	-	-	7,184	(7,184)
Total Expenditures	<u>-</u>	<u>-</u>	<u>7,184</u>	<u>(7,184)</u>
Revenues Over (Under) Expenditures	7,500	7,500	-	(7,500)
Other Sources (Uses)				
Operating Transfers Out	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>7,500</u>
Total Other Financing (Uses)	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>7,500</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>	<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, 2017

	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	\$ -	\$ -	\$ 164	\$ 164

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, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
299 PERS RESERVE FUND				
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
Operating Contingency	60,000	100,000	-	100,000
Total Expenditures	60,000	100,000	-	100,000
Other Financing Sources				
Operating Transfers In	60,000	100,000	30,000	(70,000)
Total Other Financing Sources	60,000	100,000	30,000	(70,000)
Revenues and Other Financing Sources Over Expenditures	-	-	30,000	30,000
Beginning Fund Balance	60,000	60,000	60,000	-
Ending Fund Balance	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 90,000</u>	<u>\$ 30,000</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING BALANCE SHEET - ALL NON-MAJOR CAPITAL PROJECTS FUNDS
 June 30, 2017
 With Comparative Totals For June 30, 2016

	Capital Projects Fund	2017 Bond Fund	Totals	
			2017	2016
ASSETS				
Cash and Investments	\$ 35,978	\$ -	\$ 35,978	\$ 129,442
Total Assets	<u>\$ 35,978</u>	<u>\$ -</u>	<u>\$ 35,978</u>	<u>\$ 129,442</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 3,200	\$ 688	\$ 3,888	\$ 516
Total Liabilities	<u>3,200</u>	<u>688</u>	<u>3,888</u>	<u>516</u>
Fund Balance:				
Unassigned	-	(688)	(688)	-
Restricted	<u>32,778</u>	<u>-</u>	<u>32,778</u>	<u>128,926</u>
Total Fund Balance	<u>32,778</u>	<u>(688)</u>	<u>32,090</u>	<u>128,926</u>
Total Liabilities and Fund Balance	<u>\$ 35,978</u>	<u>\$ -</u>	<u>\$ 35,978</u>	<u>\$ 129,442</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 ALL NON-MAJOR CAPITAL PROJECTS FUNDS
 For the Year Ended June 30, 2017
 With Comparative Totals For the Year Ended June 30, 2016

	Capital Projects Fund	2017 Bond Fund	Totals	
			2017	2016
Revenues:				
Federal Sources	\$ 8,222	\$ -	\$ 8,222	\$ 5,130
Other Local Sources	46,000	-	46,000	55,738
Total Revenues	<u>54,222</u>	<u>-</u>	<u>54,222</u>	<u>60,868</u>
Expenditures:				
Current:				
Support Services	30,698	-	30,698	3,207
Facilities Acquisition & Construction	259,672	688	260,360	21,256
Total Expenditures	<u>290,370</u>	<u>688</u>	<u>291,058</u>	<u>24,463</u>
Revenues Over (Under) Expenditures	<u>(236,148)</u>	<u>(688)</u>	<u>(236,836)</u>	<u>36,405</u>
Other Financing Sources:				
Operating Transfers In	40,000	-	40,000	40,000
Loan Proceeds	100,000	-	100,000	-
Total Other Financing Sources	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>40,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(96,148)</u>	<u>(688)</u>	<u>(96,836)</u>	<u>76,405</u>
Beginning Fund Balances	<u>128,926</u>	<u>-</u>	<u>128,926</u>	<u>52,521</u>
Ending Fund Balances	<u>\$ 32,778</u>	<u>\$ (688)</u>	<u>\$ 32,090</u>	<u>\$ 128,926</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
400 CAPITAL PROJECTS FUND				
REVENUES:				
Local Sources	\$ 150,000	\$ 150,000	\$ 46,000	\$ (104,000)
State Sources	-	44,000	-	(44,000)
Federal Sources	<u>5,000</u>	<u>5,000</u>	<u>8,222</u>	<u>3,222</u>
 Total Revenues	 <u>155,000</u>	 <u>199,000</u>	 <u>54,222</u>	 <u>(144,778)</u>
 EXPENDITURES:				
Current:				
Support Services	25,000	70,000	30,698	39,302
Building Acquisition and Construction	<u>275,000</u>	<u>299,000</u>	<u>259,672</u>	<u>39,328</u>
Total Expenditures	<u>300,000</u>	<u>369,000</u>	<u>290,370</u>	<u>78,630</u>
 Revenues Over (Under) Expenditures	 <u>(145,000)</u>	 <u>(170,000)</u>	 <u>(236,148)</u>	 <u>(66,148)</u>
 Other Financing Sources				
Loan Proceeds	-	-	100,000	100,000
Operating Transfers In	<u>15,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Other Financing Sources	<u>15,000</u>	<u>40,000</u>	<u>140,000</u>	<u>100,000</u>
 Revenues and Other Financing Sources Over Expenditures	 (130,000)	 (130,000)	 (96,148)	 33,852
 Beginning Fund Balance	 <u>130,000</u>	 <u>130,000</u>	 <u>128,926</u>	 <u>(1,074)</u>
 Ending Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 32,778</u>	 <u>\$ 32,778</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 2017 BOND FUND
 For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
420 2017 BOND FUND				
REVENUES				
State Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Building Acquisition and Construction	<u>-</u>	<u>-</u>	<u>688</u>	<u>(688)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>688</u>	<u>(688)</u>
Revenues Over (Under) Expenditures	-	-	(688)	(688)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (688)</u></u>	<u><u>\$ (688)</u></u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF STUDENT BODY FUNDS BY ACTIVITY
 For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Add: Revenues	Less: Expenditures	Balance June 30, 2017
Art	\$ 155	\$ 2,424	\$ 2,140	\$ 439
Accelerated Reader	438	-	-	438
Boys Basketball	193	700	131	762
Cheerleading	200	-	200	-
Dance Team	137	-	-	137
Football & Football Camp	4,638	881	3,398	2,121
Girls Basketball	6,050	3,681	2,772	6,959
Volleyball	758	4,916	4,734	940
Pink Volleyball	1,001	3,638	3,639	1,000
Jr. High Volleyball	676	500	285	891
Halibut Feed	-	32,146	32,146	-
Old Oregon League	328	500	-	828
Band	356	737	824	269
Class of:				
2016	299	-	299	-
2017	14,900	4,605	19,505	-
2018	3,469	5,860	1,563	7,766
2019	3,041	7,325	3,173	7,193
2020	2,074	2,561	1,204	3,431
2021	3,040	2,009	4,489	560
2022	432	3,121	1,711	1,842
2023	500	5,444	4,130	1,814
2024	567	824	249	1,142
2025	320	-	50	270
2026	145	-	-	145
2027	80	333	256	157
2028	32	-	-	32
2029	-	194	194	-
Middle School Dance	270	115	70	315
Ski Bus	294	221	300	215
Student Fee High School	120	2,017	948	1,189
Student Fee Jr. High	15	1,067	497	585
Home-Ec	4	650	654	-
Elementary School Supplies	90	2,130	2,054	166
Key Deposit Account	300	-	-	300
Preschool Fee	60	-	-	60
John Dean Memorial	-	425	-	425
Riki's Room	4,210	100	2,618	1,692
Track	164	64	-	228
World Travel	10,024	-	-	10,024
Boys Baseball	-	142	-	142
Middle School Athletics	522	-	8	514
Saturday Morning Basketball	50	240	220	70
Technology Student Association	500	100	-	600

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF STUDENT BODY FUNDS BY ACTIVITY CONTINUED
 For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Add: Revenues	Less: Expenditures	Balance June 30, 2017
Gates	\$ 1,083	\$ 11,907	\$ 12,969	\$ 21
Drama	242	-	184	58
Elementary Health Fund	112	73	185	-
Farm to School	48	492	332	208
FFA	8,374	28,722	24,703	12,393
Giving Tree	1,511	2,945	853	3,603
Junior High Boys Basketball	38	8	46	-
Junior High Girls Basketball	501	500	428	573
Library	340	201	-	541
Powder Valley Floral Fund	177	107	192	92
PSAT	196	360	135	421
Shop Classes	1,236	952	184	2,004
Staff Development	253	1,045	304	994
Cove Playday	176	-	-	176
Scholarship	4,500	3,800	1,800	6,500
Placeholder	1,988	774	715	2,047
Yearbook	927	1,547	436	2,038
Total	<u>82,154</u>	<u>143,103</u>	<u>137,927</u>	<u>87,330</u>
Transfers Between Student Groups	-	(10,856)	(10,856)	-
Grand Total	<u>\$ 82,154</u>	<u>\$ 132,247</u>	<u>\$ 127,071</u>	<u>\$ 87,331</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 STATEMENT OF TRANSACTIONS WITH COUNTY TREASURERS
 For the Fiscal Year Ended June 30, 2017

	<u>Totals</u>	<u>Baker County</u>	<u>Union County</u>
Cash on hand with County Treasurer from property taxes July 1, 2016	\$ -	\$ -	\$ -
Treasurers' Receipts:			
Current years' taxes plus interest	397,713	111,651	286,062
Prior years' taxes plus interest	<u>14,084</u>	<u>5,250</u>	<u>8,834</u>
Total Property Tax Plus Interest	411,796	116,900	294,896
Payment in Lieu of Tax	4,104	4,104	-
County School	5,986	-	5,986
Farm Disqualified	-	-	-
Fish & Wildlife	153	-	153
Private RR Car Tax	499	499	-
Bank Interest	58	6	52
Federal Forest Receipts	1,620	710	910
Land Sales	<u>392</u>	<u>308</u>	<u>84</u>
Total Treasurers' Receipts	<u>424,608</u>	<u>122,527</u>	<u>302,081</u>
Total Available for Disbursement	<u>424,608</u>	<u>122,527</u>	<u>302,081</u>
Treasurers Disbursements:			
Turnover to 8-J General Fund	<u>424,608</u>	<u>122,527</u>	<u>302,081</u>
Cash on hand with County Treasurer from property taxes June 30, 2017	<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, 2017

	Taxes Receivable July 1, 2016	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2017
Tax Transactions						
BAKER COUNTY						
2016-17	\$ -	\$ 117,886	\$ (80)	\$ (2,971)	\$ 111,588	\$ 3,247
2015-16	3,871	-	6	-	1,739	2,138
2014-15	2,287	-	18	-	1,004	1,301
2013-14	1,546	-	30	-	985	591
2012-13	890	-	25	-	645	270
2011-12	361	-	(6)	-	14	341
2010-11	89	-	(4)	-	7	78
All Prior Years	101	-	(1)	-	-	100
Total Tax Transaction	<u>\$ 9,145</u>	<u>\$ 117,886</u>	<u>\$ (12)</u>	<u>\$ (2,971)</u>	115,982	<u>\$ 8,066</u>
Interest Collections					917	
Total Collections					<u>\$ 116,899</u>	
	Taxes Receivable July 1, 2016	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2017
Tax Transactions						
UNION COUNTY						
2016-17	\$ -	\$ 304,723	\$ (346)	\$ (7,882)	\$ 285,851	\$ 10,644
2015-16	10,377	-	(126)	-	3,194	7,057
2014-15	6,674	-	(143)	-	1,344	5,187
2013-14	3,886	-	(232)	-	1,390	2,264
2012-13	2,145	-	(167)	-	773	1,205
2011-12	961	-	(22)	-	15	924
2010-11	751	-	(23)	-	12	716
All Prior Years	1,168	-	1	-	12	1,157
Total Tax Transaction	<u>\$ 25,962</u>	<u>\$ 304,723</u>	<u>\$ (1,058)</u>	<u>\$ (7,882)</u>	292,591	<u>\$ 29,154</u>
Interest Collections					2,305	
Total Collections					<u>\$ 294,896</u>	

SUPPLEMENTAL INFORMATION, 2016-2017

School District Business Managers and Auditors:

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

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	\$51,209
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:

\$9,608

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

School District No. 8-J
Union County, Oregon
Oregon Department of Education Required Schedule of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor	Program Title	Grant	Grant Period	CFDA Number	Grant Award	2016-17 Revenues	2016-17 Expenditures
Pass through Grantor		Number					
<u>U.S. Department of Agriculture - General Fund</u>							
Passed through Union County, Oregon							
	Federal Forest Fees	N/A	7/1/16 - 6/30/17	10.665	\$ 910	\$ 910	\$ 910
Passed through Baker County, Oregon							
	Federal Forest Fees	N/A	7/1/16 - 6/30/17	10.665	710	710	710
<u>Total U.S. Department of Agriculture - General Fund</u>					1,620	1,620	1,620
<u>U.S. Department of Education - Special Revenue Fund:</u>							
Direct Federal Grants:							
	Small, Rural School Achievement Program		7/1/16 - 09/30/17	84.358A	26,552	26,552	26,552
Passed through Oregon State Department of Education:							
	Title IA Formula	41119	7/1/16 - 9/30/17	84.010	59,423	59,423	59,423
	Title II A Teacher Quality	41374	7/1/16 - 9/30/17	84.367	7,184	7,184	7,184
	SPR&I Grant	40907	7/1/16 - 6/30/17	84.027	1,248	-	-
	IDEA Enhancement Grants - Discretionary	42713	10/1/16 - 9/30/17	84.027	1,591	1,591	1,591
	IDEA	36933	7/1/15 - 9/30/17	84.027	42,678	4,486	4,486
		41587	7/1/16 - 9/30/18	84.027	46,052	46,052	46,052
<u>Total U.S. Department of Education</u>					184,728	145,288	145,288
<u>U.S. Department of Agriculture - Special Revenue Fund:</u>							
Passed through Oregon State Department of Education:							
	National School Lunch	3114001	7/1/16 - 6/30/17	10.555	61,312	61,312	61,312
	National School Breakfast	3114001	7/1/16 - 6/30/17	10.553	17,875	17,875	17,875
	Commodities	3114001	7/1/16 - 6/30/17	10.550	8,799	8,799	8,799
	Total				87,986	87,986	87,986
Passed through Oregon State Department of Agriculture:							
	Specialty Crop Grant	3685-GR	10/1/15 - 3/31/18	10.170	97,651	42,920	34,237
	Food Corp Oregon	3849-GR	6/1/16 - 2/28/18	10.575	6,543	2,167	2,167
Passed through Oregon State Department of Agriculture:							
	Rural Housing Services Facilities Grant RD3570-3		7/31/14 - 6/30/16	10.766	49,000	8,222	8,222
<u>Total U.S. Department of Agriculture</u>					241,180	141,295	132,612
<u>Total Special Revenue Funds</u>					425,908	286,583	277,900
Total Federal Financial Assistance					\$ 427,528	\$ 288,203	\$ 279,520

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, 2017

	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	\$416,950							\$416,950
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	12,026							12,026
1600 Food Service		18,111						18,111
1700 Extracurricular Activities		132,249						132,249
1800 Community Services Activities								0
1910 Rentals								0
1920 Contributions and Donations From Private Sources	1,500	30,547		46,000				78,047
1930 Rental or Lease Payments From Private Contractors								0
1940 Services Provided Other Local Education Agencies	14,687							14,687
1950 Textbook Sales and Rentals								0
1960 Recovery of Prior Years' Expenditure	20,876	3,331						24,207
1970 Services Provided Other Funds								0
1980 Fees Charged to Grants								0
1990 Miscellaneous	18,711							18,711
Total Revenue from Local Sources	484,750	184,238	0	46,000	0	0	0	714,988
Revenue from Intermediate Sources								
2101 County School Funds	5,986							5,986
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								0
2800 Revenue in Lieu of Taxes								0
2900 Revenue for/on Behalf of the District								0
Total Revenue from Intermediate Sources	5,986	0	0	0	0	0	0	5,986
Revenue from State Sources								
3101 State School Fund - General Support	2,853,112							2,853,112
3102 State School Fund - School Lunch Match								0
3103 Common School Fund	30,869							30,869
3104 State Managed County Timber								0
3106 State School Fund - Accrual								0
3199 Other Unrestricted Grants-in-Aid	2,350							2,350
3200 Restricted Grants-in-Aid								0
3222 State School Fund (SSF) Transportation Equipment								0
3299 Other Restricted Grants-in-Aid	3,500	22,201		300,901				326,602
3800 Revenue in Lieu of Taxes								0
3900 Revenue for/on Behalf of the District								0
Total Revenue from State Sources	2,889,831	22,201	0	300,901	0	0	0	3,212,933
Revenue from Federal Sources								
4100 Unrestricted Revenue Direct From the Federal Government		26,552						26,552
4200 Unrestricted Revenue From the Federal Government Through the State								0
4300 Restricted Revenue From the Federal Government				8,222				8,222
4500 Restricted Revenue From the Federal Government Through the State		190,882						190,882
4700 Grants-In-Aid From the Federal Gov't Through Other Agencies								0
4801 Federal Forest Fees	1,620							1,620
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		60,928						60,928
Total Revenue from Federal Sources	1,620	278,362	0	8,222	0	0	0	288,204
Revenue from Other Sources								
5100 Long Term Debt Financing Sources				100,000				100,000
5200 Interfund Transfers	3,000	90,000		40,000				133,000
5300 Sale of or Compensation for Loss of Fixed Assets	24,540							24,540
5400 Resources - Beginning Fund Balance	482,621	162,416		128,926				773,963
Total Revenue from Other Sources	510,161	252,416	0	268,926	0	0	0	1,031,503
Grand Totals	\$3,892,348	\$737,217	\$0	\$624,049	\$0	\$0	\$0	\$5,253,614

**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, 2017**

Fund: General Fund		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures									
1111	Primary, K-3	\$579,559	\$333,232	\$233,926	\$486	\$11,830	\$0	\$85	\$0
1113	Elementary Extracurricular	0							
1121	Middle/Junior High Programs	367,463	227,666	135,849	324	3,624			
1122	Middle/Junior High School Extracurricular	4,824	3,346	1,062		416			
1131	High School Programs	609,277	360,466	202,692	11,040	32,952	500	1,627	
1132	High School Extracurricular	150,556	77,333	16,581	20,557	10,930		25,155	
1140	Pre-Kindergarten Programs	30,530	15,918	14,612					
1210	Programs for the Talented and Gifted	0							
1220	Restrictive Programs for Students with Disabilities	0							
1250	Less Restrictive Programs for Students with Disabilities	150,708	83,480	62,679	3,677	872			
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	76,462	41,401	34,809	199	53			
1280	Alternative Education	35,878	21,321	1,730	12,143	624		60	
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	14,893	10,022	3,473		1,063		335	
Total Instruction Expenditures		2,020,150	1,174,185	707,413	48,426	62,364	500	27,262	0
Support Services Expenditures									
2110	Attendance and Social Work Services	2,388			2,388				
2120	Guidance Services	22,365	1,607	675		83			
2130	Health Services	4,200			4,200				
2140	Psychological Services	0							
2150	Speech Pathology and Audiology Services	0							
2160	Other Student Treatment Services	0							
2190	Service Direction, Student Support Services	8,000			8,000				
2210	Improvement of Instruction Services	0							
2220	Educational Media Services	799				799			
2230	Assessment & Testing	30			30				
2240	Instructional Staff Development	13,884		3,045	9,152	0		1,687	
2310	Board of Education Services	24,162		1,916	19,801	357		2,088	
2320	Executive Administration Services	220,015	98,159	104,469	7,389	6,791		3,207	
2410	Office of the Principal Services	149,250	92,147	46,905	3,729	5,469		1,000	
2490	Other Support Services - School Administration	0							
2510	Direction of Business Support Services	0							
2520	Fiscal Services	84,673			76,494	6,109		2,070	
2540	Operation and Maintenance of Plant Services	302,630	92,657	70,106	92,289	21,964		25,614	
2550	Student Transportation Services	187,608			187,608	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	94,326			44,645	33,319	16,362		
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		1,114,330	284,570	227,116	475,695	74,921	16,362	35,666	0
Enterprise and Community Services Expenditures									
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									
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									
5100	Debt Service	49,108	0	0	0	0	0	49,108	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		179,108	0	0	0	0	0	49,108	130,000
Grand Totals		3,313,588	1,458,755	934,529	524,121	137,285	16,862	112,036	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, 2017**

Fund: Special Revenues		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	19,928				12,803	7,125		
1132	High School Extracurricular	129,245				129,245			
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	61,538	38,510	23,028					
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	93,159	58,366	34,793					
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		303,870	96,876	57,821	0	142,048	7,125	0	0
Support Services Expenditures									
2110	Attendance and Social Work Services	0							
2120	Guidance Services	0							
2130	Health Services	21,607	2,400	819	338	15,003		3,047	
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	1,591	197	16	1,378				
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		23,198	2,597	835	1,716	15,003	0	3,047	0
Enterprise and Community Services Expenditures									
3100	Food Services	210,759	55,343	68,977	4,185	74,934		7,320	
3200	Other Enterprise Services	0							
3300	Community Services	0							
3500	Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures		210,759	55,343	68,977	4,185	74,934	0	7,320	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	0							
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		0	0	0	0	0	0	0	0
Other Uses Expenditures									
5100	Debt Service	0							
5200	Transfers of Funds	3,000							3,000
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		3,000	0	0	0	0	0	0	3,000
Grand Totals		\$540,827	\$154,816	\$127,633	\$5,901	\$231,985	\$7,125	\$10,367	\$3,000

**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, 2017**

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	30,698			23,121	7,577			
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		30,698	0	0	23,121	7,577	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	561,261			151,113		401,898	8,250	
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		561,261	0	0	151,113	0	401,898	8,250	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		\$591,959	\$0	\$0	\$174,234	\$7,577	\$401,898	\$8,250	\$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, 2017 and have issued our report thereon dated December 26, 2017. 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.

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, 2017