

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

**AUDITED FINANCIAL STATEMENTS
As of and For the Fiscal Year Ended
June 30, 2018**

(This page intentionally left blank)

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 TABLE OF CONTENTS
 June 30, 2018

List of District Officials	1
Independent Auditor’s Report	2-3
Management’s Discussion and Analysis	4-10

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	13
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities	16
Notes to the Basic Financial Statements	17-39

REQUIRED SUPPLEMENTARY INFORMATION:

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	40
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – 2017 Facility Improvement Fund.....	41
PERS Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions.....	42
Schedule of Changes in Other Post-Employment Benefits Liability and Related Ratios.....	43

OTHER SUPPLEMENTARY INFORMATION:

Combining Non-Major Funds Balance Sheet.....	44
Cobming Non-Major Funds Statement of Revenues, Expenditures and Changes in Fund Balance.....	45
Combining and Individual Fund Schedules:	
Special Revenue Funds:	
Combining Balance Sheet.....	46-47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	48-49

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 TABLE OF CONTENTS
 June 30, 2018

OTHER SUPPLEMENTARY INFORMATION, CONTINUED:

Special Revenue Funds, continued:

Schedules of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual:

School Lunch Fund.....	50
Student Activities Fund.....	51
Title II Fund.....	52
Building Reserve Fund.....	53
PERS Reserve Fund.....	54
Title I Fund.....	55
Miscellaneous Grants Fund.....	56
Measure 98 Fund.....	57

Combining and Individual Fund Schedules:

Capital Projects Funds:

Combining Balance Sheet.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	59
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Capital Projects Fund.....	60
Seismic Grant Fund.....	61

Individual Fund Schedules:

Debt Service Fund.....	62
------------------------	----

Other Financial Schedules:

Schedule of Student Body Funds By Activity.....	63-64
Schedules of Property Tax Transactions.....	65-67
Other State Required Supplemental Information.....	68
Schedule of Federal Awards	69
District Audit Revenue Summary.....	70
District Audit Expenditure Summary.....	71-74

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS:

Audit Comments and Disclosures Required by State Regulations.....	75-76
---	-------

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NORTH POWDER, OREGON
 LIST OF DISTRICT OFFICIALS
 For the Fiscal Year Ended June 30, 2018

		<u>Term</u> <u>Expiration</u>
<u>Board of Directors:</u>		
Chairman	Justin Bingham North Powder, Oregon	June 30, 2019
Vice-Chairman	Tyson Orr North Powder, Oregon	June 30, 2021
Member	Jason Williams North Powder, Oregon	June 30, 2019
Member	Drew Martin North Powder, Oregon	June 30, 2021
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, 2019
Member	Lukus Gray North Powder, Oregon	June 30, 2018
Member	Jan Hill North Powder, Oregon	June 30, 2019
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

(This page intentionally left blank)



Scott A. Martin
Jacob J. Collier

Megan R. Adams
Michael J. Rudi

Randell C. Guyer, Jr.
Kent J. Bailey
Kara J. Bond

David F. Lindley
Linda L. Cyr
Emily J. Becktold

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, 2018, 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, 2018 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, and schedule of change in OPEB liability and related ratios on pages 40-43 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management discussion and analysis in

2790 Main Street
Baker City, OR 97814
541-523-4471
541-523-3340 fax

Members of
American Institute of Certified Public Accountants
Oregon Society of Certified Public Accountants
visit us at www.glbm.net

1005 Adams Avenue
La Grande, OR 97850
541-963-6009
541-963-5589 fax

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

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, and the schedule of change in OPEB liability and related ratios on pages 40-43 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 44-74 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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 19, 2018, 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 19, 2018

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, 2018**

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, 2018. 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, 2018, the District's assets plus deferred outflows exceeded its liabilities and deferred inflows by \$984,828. Most notably, the District reported an unfunded pension liability totaling \$2,089,086, for its proportionate share of the net pension liability and General Obligation Bond proceeds of \$3,136,169.
- The District relies upon the State School Fund as its primary source of operating revenue. In 2018 the state school formula collections improved to \$3,205,764 from \$2,853,112 in 2017. The increased revenue allowed the funding of a certified math intervention position and a full time classified maintenance position. The District honored the collective bargaining agreement with a COLA for staff.
- 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. The bonds were sold in August 2017 and the District broke ground on the project in May of 2018
- The District has three other formal financing arrangements. 1) The District continued to make payments on its real estate loan through Community Bank, which carried a balance totaling \$830,072 at June 30, 2018. 2) The District finished the shop building project and closed the line of credit with Community Bank in the amount of \$100,000 and will start to make annual payments. The line carried a balance of \$100,000 at June 30, 2018. 3) The District purchased an additional 94 Chromebooks through an HP lease in 2017. The District makes an annual payment of \$6,480. The lease will end in 2019.
- At June 30, 2018, the unassigned fund balance for the General Fund totaled \$514,168 or approximately 17% of total General Fund expenditures (including transfers and debt payments). The ending fund balance was down from \$578,760 reported in the previous year due to additional staffing and planning for the completion of the new school construction.

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.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

The District maintains 13 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 and Facility Improvement 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.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Capital assets, which consist of the District's construction in progress, land, buildings, building improvements, vehicles, and equipment, represent about 53% 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). Net Pension costs significantly declined due to the decrease in the Districts proportionate share. The District ended the year with 1 less enrolled student or approximately \$7,800 less than the amount the District was paid, however, this amount will be offset by funding from the State Transportation Grant and the bi-annual reconciliation of the State School Fund. The reconciliation includes \$20 million reserved for the State process.

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		
	2018	2017	Difference
Current Assets	\$ 3,581,145	\$ 1,258,128	\$ 2,323,017
Capital Assets	4,099,938	2,277,596	1,822,342
Estimated receivable on ODE Settlement	-	50,000	(50,000)
Net Deferred Pension Costs	991,327	1,716,624	(725,297)
Total Assets	8,672,410	5,302,348	4,145,359
Current Liabilities	798,032	578,344	219,688
Net Pension Liability	2,089,086	3,187,629	(1,098,543)
Long-Term Debt	4,229,605	872,259	3,357,346
Total Liabilities	7,116,723	4,638,232	2,478,491
Net Deferred Pension Investment Earnings	570,859	249,975	320,884
Total Liabilities and Deferred Inflows of Resources	7,687,582	4,888,207	2,799,375
Net Position:			
Investment in Capital Assets	(42,015)	1,317,228	(1,359,243)
Restricted	2,111,510	55,150	2,056,360
Unrestricted (deficit)	(1,084,667)	(1,110,831)	26,164
Total Net Position	\$ 984,828	\$ 261,547	\$ 723,281

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

Governmental Activities. The notable elements of the change in the District's net position for the year ended June 30, 2018 are as follows:

- With the State Legislature providing an additional \$570 million in the 2017-2019 biennium the District's funding increased. Additional revenue of \$108,000 was also received due to the State's reconciliation process from the previous school year (2016-2017). The payment was for 7 more students than what the basic school support was paying the District, or approximately \$50,000. The Districts teacher experience adjustment improved from negative 0.25 to a positive 1.6 adding \$33,000. Local revenue, transportation and funding ratio made up the remaining \$25,000 positive adjustment.
- Expenditures increased due to the District honoring negotiated agreements and making the first payment on the General Obligation debt.
- The increased revenue allowed the District to hire a certified math intervention position, full time classified maintenance position and to honor the collective bargaining agreement with a COLA for all staff. The District's 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. The District continues to pay the PERS employee pick up of 6%.

	Governmental Activities		
	2018	2017	Difference
Revenues:			
Program Revenues			
Charges for Services	\$ 169,636	\$ 153,641	\$ 15,995
Operating Grants and Contributions	349,003	320,078	28,925
Capital Grants and Contributions	484,150	355,123	129,027
General Revenues:			
Property Taxes	604,543	419,063	185,480
State and Federal School Sources	3,252,306	2,941,587	310,719
Other	161,681	100,287	61,394
Total Revenues	5,021,319	4,289,779	731,540
Expenses:			
Instruction	2,579,164	2,497,232	81,932
Support Services	1,242,404	1,153,388	89,016
Enterprise and Community Services	220,407	221,333	(926)
Facility Acquisition and Construction	139,565	135,031	4,534
Debt Service	116,498	35,633	80,865
Total Expenses	4,298,038	4,042,617	255,421
Change in Net Position	723,281	247,162	476,119
Net Position, Beginning of Year	261,547	166,979	94,568
Cummulative Effect of GASB 75 Restatement	-	(152,594)	152,594
Net Position, End of Year	\$ 984,828	\$ 261,547	\$ 723,281

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018 the District's Governmental Funds reported a combined ending fund balance of \$2,833,929. The balance is improved from \$807,242 the previous year, primarily due to the Bond proceeds and additional funding mentioned previously.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2018, the unassigned fund balance was \$514,168 compared to \$578,760 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, 2018.

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 \$208,251. The bulk of the special revenue funds is concentrated in an assigned ending fund balance for the Student Activities Fund, totaling \$117,114 and PERS Reserve Fund totaling \$90,000.

Debt Service Funds. The District maintains debt service funds to collect annual property taxes to repay its General Obligation Construction Bonds, Series 2017. The Bonds require semi-annual principal and interest payments in December and June.

Bond/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. The District also paid for a facility assessment and long range planning for the District campus which were reimbursed from the State in the 2017-2018 school year. The District elected to transfer additional funds from the General Fund to help maintain improvements to the District buildings and ensure the Bond project is complete. This fund carried a \$241,757 fund balance at June 30, 2018.
- 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 is used for the District 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, and new locker rooms. The bonds were sold in August 2017 and the District broke ground on the project in May of 2018. The construction of the project is scheduled to be completed in 2019.

**UNION COUNTY SCHOOL DISTRICT #8J
NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018, the State School Fund – General Support provided 65% of the District's program resources for the General Fund. The percentage climbs to 80% 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 50% of the State's biennium budget allocated to the 2018 school year. The increase allowed the District to fund a halftime math intervention licensed position and an additional full time classified maintenance position. In May of 2017 the District passed a \$3,000,000 bond with an additional \$3,000,000 from the State matching OSCIM grant. The District budgeted for the new facility along with the debt service payments.

For the 2017-2018 school year, the District based its budget on 259 average daily enrollment and a beginning fund balance totaling \$560,000. The actual beginning fund balance totaled \$578,760 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, 2018, the District had invested \$4,099,938 in capital assets (net of depreciation), as shown in the following table:

	Governmental Activities
Land	\$ 141,568
Construction in Process	1,345,373
Buildings and Improvements	2,516,643
Furniture and Equipment	96,354
Total	\$ 4,099,938

Long-Term Debt. At June 30, 2018 the District the following in long-term debt:

	Debt	
Community Bank	\$ 830,072	Multi-Purpose Facility
Community Bank	100,000	Ag Building
HP Financial	6,480	Computer Lease
Post-employment Benefits	183,851	
2017 General Obligation Bond	2,935,000	
Total	\$ 4,055,403	

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

**NORTH POWDER SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

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 2018-2019 budget is supported by 50% of the State's \$8.28B Basic School Support for the 2017-2019 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 will utilize Measure 98 funding to provide a school resource officer and offer additional CTE curriculum for students. The 2018-2019 budget is based on 270 average daily enrollment and includes the negotiated COLA and benefits per the collective bargaining agreements. PERS rates remain unchanged for the second year in the biennium. The District will continued to budget for their new facility project that will conclude in the Spring/Summer of 2019.

The Oregon Governor has proposed an \$8.97 billion State School Fund, plus \$100 million to pay down the K-12 PERS liability for the 2019-2021 biennium. The Governor is also requesting funding for the following:

- Measure 98 (high school graduation and career technical education)
- Grants for facilities and school safety
- Grants for educator pathways

Numerous grants for programs to reduce class size, increase school year, provide socio-economic support and expand early learning activities.

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, 2018
(With Comparative Totals for June 30, 2017)

	Total Governmental Activities	
	June 30, 2018	June 30, 2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Investments	\$ 3,474,683	\$ 738,182
Receivables:		
Property taxes	45,383	37,220
Intergovernmental	61,079	482,726
Total Current Assets	3,581,145	1,258,128
Capital assets:		
Construction in progress	1,345,373	417,716
Land	141,568	141,568
Buildings and improvements, net of accumulated depreciation	2,516,643	1,604,732
Equipment, net of accumulated depreciation	96,354	113,580
Total capital assets, net of accumulated depreciation	4,099,938	2,277,596
Other assets:		
Estimated receivable on ODE settlement	-	50,000
Total Assets	7,681,083	3,585,724
Deferred Outflows of Resources:		
Net Deferred Pension Costs	991,327	1,716,624
Total Assets and Deferred Outflows of Resources	8,672,410	5,302,348
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts and payroll taxes payable	701,833	413,666
Community Bank line of credit	-	100,000
Current portion, long-term debt	96,199	24,109
Total Current Liabilities	798,032	537,775
Long-term liabilities:		
OPEB implicit and explicit subsidy (health insurance)	183,851	229,163 *
Note payable HP Financial	-	6,480
Note payable Community Bank, multi purpose facility	814,159	829,779
Note payable Community Bank, ag facility	95,426	-
General Obligation Bonds (face \$2,935,000, unamortized premium of \$270,401)	3,136,169	-
Net Pension Liability	2,089,086	3,187,629
Total Long-Term Liabilities	6,318,691	4,253,051
Total liabilities	7,116,723	4,790,826
Deferred Inflows of Resources:		
Net Deferred Pension Earnings	570,859	249,975
Total Liabilities and Deferred Inflows of Resources	7,687,582	5,040,801
NET POSITION		
Invested in capital assets, net of related debt	(42,015)	1,317,228
Restricted for:		
Debt Service	247	-
Capital Construction	2,111,263	32,778
Other Purposes	-	22,372
Unrestricted (Deficit)	(1,084,667)	(1,110,831)
Net Position	\$ 984,828	\$ 261,547 *

* Restated for GASB 75

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, 2018
(With Summarized Totals for June 30, 2017)

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, 2018	June 30, 2017
Governmental:						
Instruction	\$ 2,579,164	\$ 149,510	\$ 213,020	\$ -	\$ (2,216,634)	\$ (2,226,879)
Support Services	1,242,404	-	20,804	-	(1,221,600)	(1,099,276)
Community and Enterprise Services	220,407	20,126	115,179	-	(85,102)	(72,079)
Facilities Acquisition & Construction	139,565	-	-	484,150	344,585	220,092
Debt Service: Interest	116,498	-	-	-	(116,498)	(35,633)
Total governmental activities	<u>\$ 4,298,038</u>	<u>\$ 169,636</u>	<u>\$ 349,003</u>	<u>\$ 484,150</u>	<u>\$ (3,295,249)</u>	<u>\$ (3,213,775)</u>
General revenues:						
					600,644	414,806
					3,899	4,257
					3,205,764	2,903,112
					24,660	30,869
					6,328	5,986
					15,554	1,620
					65,691	12,026
					12,267	24,540
					83,723	63,721
					<u>4,018,530</u>	<u>3,460,937</u>
					723,281	247,162
					261,547 *	166,979
					-	(152,594)
					<u>\$ 984,828</u>	<u>\$ 261,547 *</u>

* As Restated for GASB 75

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, 2018

With Summarized Financial Information at June 30, 2017

	General Fund	Facility Improvement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
				2018	2017
ASSETS					
Cash and Investments	\$ 685,817	\$ 2,336,721	\$ 452,145	\$ 3,474,683	\$ 738,182
Receivables:					
Property Taxes	40,514	-	4,869	45,383	37,220
Intergovernmental	29,948	-	31,131	61,079	482,726
Due from Other Funds	28,538	-	-	28,538	254,047
Total Assets	<u>\$ 784,817</u>	<u>\$ 2,336,721</u>	<u>\$ 488,145</u>	<u>\$ 3,609,683</u>	<u>\$ 1,512,175</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts and Payroll Taxes Payable	\$ 230,135	\$ 467,215	\$ 4,483	\$ 701,833	\$ 413,666
Due to Other Funds	-	-	28,538	28,538	254,047
Total Liabilities	<u>230,135</u>	<u>467,215</u>	<u>33,021</u>	<u>730,371</u>	<u>667,713</u>
Deferred Inflows of Resources:					
Deferred Property Taxes	40,514	-	4,869	45,383	37,220
Total Deferred Inflows of Resources	<u>40,514</u>	<u>-</u>	<u>4,869</u>	<u>45,383</u>	<u>37,220</u>
Fund Balance:					
Fund Balances					
Restricted	-	1,869,506	242,004	2,111,510	55,150
Assigned	-	-	209,247	209,247	185,020
Unassigned	514,168	-	(996)	513,172	567,072
Total Fund Balance	<u>514,168</u>	<u>1,869,506</u>	<u>450,255</u>	<u>2,833,929</u>	<u>807,242</u>
Total Liabilities and Fund Balance	<u>\$ 784,817</u>	<u>\$ 2,336,721</u>	<u>\$ 488,145</u>	<u>\$ 3,609,683</u>	<u>\$ 1,512,175</u>

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

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 RECONCILIATION OF GOVERNMENTAL FUNDS
 BALANCE SHEET TO STATEMENT OF NET POSITION
 June 30, 2018
 With Comparative Totals For the Year Ended June 30, 2017

	2018	2017
TOTAL FUND BALANCES	\$ 2,833,929	\$ 807,242
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	6,938,293	5,032,484
Accumulated Depreciation	(2,838,355)	(2,754,888)
Total Fixed Assets	4,099,938	2,277,596
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.		
	45,383	37,220
The net OPEB liability for health insurance premiums is not due and payable in the current period and accordingly is not reported as a fund liability. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
	(183,851)	(229,163) *
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.		
	(1,668,618)	(1,720,980)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities:		
Note payable Community Bank multi-purpose facility	(830,072)	(847,671)
Note payable Community Bank ag facility	(100,000)	(100,000)
Note payable HP Financial	(6,480)	(12,696)
General Obligation Bonds Payable	(3,205,401)	-
TOTAL NET POSITION	\$ 984,828	\$ 261,547 *

* As Restated for GASB 75

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, 2018
 With Summarized Financial Information for the Year Ended June 30, 2017

	General Fund	Facility Improvement Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
				2018	2017
Revenues:					
Taxes	\$ 438,234	\$ -	\$ 158,146	\$ 596,380	\$ 416,950
Intermediate Sources	6,328	-	3,600	9,928	5,986
State Sources	3,280,424	-	526,932	3,807,356	3,212,933
Federal Sources	15,554	-	280,375	295,929	288,203
Interest Earnings	19,748	45,924	19	65,691	12,026
Other Local Sources	75,918	-	199,686	275,604	286,012
Total Revenues	<u>3,836,206</u>	<u>45,924</u>	<u>1,168,758</u>	<u>5,050,888</u>	<u>4,222,110</u>
Expenditures:					
Current:					
Instruction	2,314,746	-	338,540	2,653,286	2,324,020
Support Services	1,127,490	-	55,227	1,182,717	1,168,226
Enterprise & Community Services	-	-	226,395	226,395	210,758
Facilities Acquisition & Construction	-	1,460,363	585,011	2,045,374	561,261
Total Expenditures	<u>3,442,236</u>	<u>1,460,363</u>	<u>1,205,173</u>	<u>6,107,772</u>	<u>4,264,265</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>393,970</u>	<u>(1,414,439)</u>	<u>(36,415)</u>	<u>(1,056,884)</u>	<u>(42,155)</u>
Other Financing Sources (Uses)					
Operating Transfers In	6,582	-	421,800	428,382	133,000
Operating Transfers Out	(422,000)	-	(6,382)	(428,382)	(133,000)
Bond Proceeds	-	3,000,000	-	3,000,000	-
Bond Premium	-	284,633	-	284,633	-
Debt Service - Principal	(29,643)	-	(65,000)	(94,643)	(21,605)
Debt Service - Interest	(25,768)	-	(92,918)	(118,686)	(27,503)
Loan Proceeds	-	-	-	-	100,000
Compensation for Loss on Fixed Assets	12,267	-	-	12,267	24,540
Total Other Financing Sources (Uses)	<u>(458,562)</u>	<u>3,284,633</u>	<u>257,500</u>	<u>3,083,571</u>	<u>75,432</u>
Excess of Revenue & Other Financing Sources Over Expenditures and Other Financing Uses	<u>(64,592)</u>	<u>1,870,194</u>	<u>221,085</u>	<u>2,026,687</u>	<u>33,277</u>
Fund Balance, July 1	578,760	(688)	229,170	807,242	773,965
Fund Balance, June 30	<u>\$ 514,168</u>	<u>\$ 1,869,506</u>	<u>\$ 450,255</u>	<u>\$ 2,833,929</u>	<u>\$ 807,242</u>

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

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, 2018
 With Comparative Totals For the Year Ended June 30, 2017

	2018	2017
NET CHANGE IN FUND BALANCE	\$ 2,026,687	\$ 33,277
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	1,905,809	442,592
Less current year depreciation	(83,467)	(74,098)
	1,822,342	368,494
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.		
	(3,284,633)	(100,000)
Change in estimated state settlement receivable or payable	(50,000)	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	8,163	2,113
Federal grant revenue	-	(8,984)
	8,163	(6,871)
Pension costs are expensed based on actuarially determined amounts	52,362	(227,604)
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:		
	45,312	116,391
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	88,815	13,475
Bond premium is recorded as revenue in the governmental funds but capitalized and amortized on the government-wide statements.		
	14,232	-
CHANGE IN NET POSITION	\$ 723,281	\$ 247,162

(This page intentionally left blank)

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018, the District reports the General Fund and Facility Improvement 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 Facility Improvement Fund is being used to account for the capital construction of the new school that was financed with general obligation bonds.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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 student 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, PERS Reserve, Title I, Measure 98, and Misc. Grants.

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 Seismic Grant Fund and the Capital Projects Fund. The Seismic Grant Fund was used to account for the revenue and expenditures related to the State of Oregon grant funds received to do seismic upgrade work on the District's buildings. This fund was closed out as of June 30, 2018.

Debt Service Fund:

During the current fiscal year the District established the Debt Service Fund to account for property taxes levied and received to service the general obligation bonded debt. The \$3 million bond was passed by voters in the May 2017 election for the construction of a new school. The bond will 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, 2018

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, 2018

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. In order to qualify for the benefit, bargaining unit members must retire with 25 years of service with the District before the age of 62, and they must have retired before May 10, 2013, or between April 1, 2018 and April 30, 2018. As of June 30, 2018, one retiree is receiving the benefit. The coverage continues until the earlier of five years from retirement or the retiree's Medicare eligibility. These health insurance costs are accounted for in the General Fund.

Retirement Plans

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

Compensated Absences

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

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018:

	<u>General Fund</u>	<u>Facility Improvement Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Fund Balances:				
Nonspendable:	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Debt Service	-	-	247	247
Building Construction	-	1,869,506	241,757	2,111,263
Assigned to:				
PERS Liabilities	-	-	90,000	90,000
Food Service	-	-	2,103	2,103
Student Activities	-	-	117,144	117,144
Unassigned:	514,168	-	(966)	513,202
	<u>\$ 514,168</u>	<u>\$ 1,869,506</u>	<u>\$ 450,285</u>	<u>\$ 2,833,959</u>

Fund balance is as follows at June 30, 2017:

	<u>General Fund</u>	<u>Major Special Revenue and Capital Projects Funds</u>			<u>Non-Major Funds</u>	<u>Total</u>
		<u>Seismic Grant Fund</u>	<u>Misc. Grants Fund</u>	<u>Title I Fund</u>		
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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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	

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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget, Continued

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.

There were several budget amendments during the year. The most significant of these, which were appropriated via the supplemental budget process, included an increase of \$336,000 in appropriated transfers from the general fund to the capital projects funds for completion of the ag facility, the seismic work, and other miscellaneous capital construction; and additional appropriations in general fund instruction for middle school athletics, and support services for increased technology expenditures.

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, 2018 and June 30, 2017:

	2018	2017
Cash in bank demand deposit (Interest of 0% and 0% at June 30, 2018 and 2017) US Bank - general checking	\$ 291,061	\$ 44,240
Cash in bank demand deposit (Interest of .05% and .05% at June 30, 2018 and 2017) Community Bank - general checking	57,898	182,784
Cash in bank demand deposit (Interest of .05% and .05% at June 30, 2018 and 2017) Community Bank - student account	117,144	87,331
Demand deposits in Local Government Investment Pool (cost approximates market, interest approximately 2.16% and 1.45% at June 30, 2018 and 2017, respectively)	3,008,580	423,827
Total Cash and Investments	\$ 3,474,683	\$ 738,182

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

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, 2018. The State Treasurer's short-term investment pool is not rated.

3. RECEIVABLES

Receivables as of June 30, 2018 are comprised of property tax receivables in the amount of \$45,383, Federal grant funds in the amount of \$24,462, State grant funds in the amount of \$15,398, and other resources of \$21,219. 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.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital Assets not being depreciated:				
Land	\$ 141,568	\$ -	\$ -	\$ 141,568
Construction in progress	417,716	1,345,373	(417,716)	1,345,373
Total capital assets not being depreciated	<u>559,284</u>	<u>1,345,373</u>	<u>-</u>	<u>1,486,941</u>
Capital Assets being depreciated:				
Buildings and improvements	3,415,535	560,436	417,716	3,558,255
Equipment and vehicles	1,057,665	-	-	1,057,665
Total capital assets being depreciated	<u>4,473,200</u>	<u>560,436</u>	<u>417,716</u>	<u>4,615,920</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,810,803)	(66,241)	-	(1,877,044)
Equipment and vehicles	(944,085)	(17,226)	-	(961,311)
Total accumulated depreciation	<u>(2,754,888)</u>	<u>(83,467)</u>	<u>-</u>	<u>(2,838,355)</u>
Total capital assets being depreciated, net	<u>1,718,312</u>	<u>476,969</u>	<u>417,716</u>	<u>1,777,565</u>
Total capital assets, net	<u>\$ 2,277,596</u>	<u>\$1,822,342</u>	<u>\$ 417,716</u>	<u>\$ 3,264,506</u>

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Prior year capital asset activity was as follows:

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

Depreciation expense of \$83,467 and \$74,098 for the years ended June 30, 2018 and 2017 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, 2018 consisted of two loans with Community Bank. One is a 30 year loan that was used for the construction of a multi-purpose facility, with monthly payments out of the General Fund of \$4,464, including interest at 4.25% (restated to 6.14% at 8/1/18). The second loan with Community Bank was used for the construction of the ag facility. It is a 15 year, variable interest loan with annual payments of \$9,904 and a current interest rate of 5.33%.

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%.

In May of 2017 voters passed a bond measure for a \$3 million general obligation bond for the construction of a new high school. The bonds have coupon rates of either 3% or 4% and will be paid back over 20 years. They sold at a premium of \$284,633, which is being amortized on a straight-line basis, and the net unamortized premium is included with the bond liability on the Statement of Net Position.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

5. LONG-TERM DEBT CONTINUED

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

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	Five Year Period End June 30, 2028	Five Year Period End June 30, 2033	Five Year Period End June 30, 2038	Five Year Period End June 30, 2043	Totals
US Bank General Obligation Bonds										
Principal	\$ 55,000	\$ 65,000	\$ 75,000	\$ 85,000	\$ 95,000	\$ 610,000	\$ 925,000	\$ 1,025,000	\$ -	\$ 2,935,000
Interest	110,300	108,650	106,700	104,450	101,900	460,350	322,000	106,200	-	1,420,550
HP Financial										
Principal	6,480	-	-	-	-	-	-	-	-	6,480
Interest	274	-	-	-	-	-	-	-	-	274
Community Bank										
Multi-Purpose Facility										
Principal	15,913	15,836	16,837	17,900	19,031	114,774	155,894	211,748	262,139	830,072
Interest	48,488	49,549	48,548	47,485	46,355	212,152	171,031	115,177	39,551	778,336
Ag Building										
Principal	4,574	4,818	5,075	5,345	5,630	31,245	43,313	-	-	100,000
Interest	5,330	5,086	4,829	4,559	4,274	18,276	8,468	-	-	50,822
Total	<u>\$ 246,359</u>	<u>\$ 248,939</u>	<u>\$ 256,989</u>	<u>\$ 264,739</u>	<u>\$ 272,190</u>	<u>\$ 1,446,797</u>	<u>\$ 1,625,706</u>	<u>\$ 1,458,125</u>	<u>\$ 301,690</u>	<u>\$ 6,121,532</u>

6. INTERFUND TRANSACTIONS

Interfund transfers for the years ended June 30, 2018 and June 30, 2017 are as follows:

	Transfers Out		Transfers In	
	2018		2017	
General Fund	\$ 422,000	\$ 6,582	\$ 130,000	\$ 3,000
Misc. Grants Fund	-	-	-	-
Title I Fund	-	-	-	-
Seismic Grant Fund	-	-	-	-
Non-Major				
Governmental	6,382	421,800	3,000	130,000
Total	<u>\$ 428,382</u>	<u>\$ 428,382</u>	<u>\$ 133,000</u>	<u>\$ 133,000</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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

7. STATE CONSTITUTIONAL PROPERTY TAX LIMIT CONTINUED

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.

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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

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.

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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

Benefits provided

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.

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.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

Benefits provided

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.

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$382,261, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal years ended June 30, 2018 were 27.20 percent for Tier One/Tier Two and 21.87 percent for OPSRP, and 6 percent for OPSRP Individual Account Program. The rates in effect for the fiscal years ended June 30, 2017 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 \$(52,362).

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

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, 2018 the District had a liability of \$2,089,086 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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 the June 30, 2017 measurement date, the District's proportion was .0154 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 101,029	\$ -
Changes in assumptions	380,803	-
Net difference between projected and actual earnings on pension plan investments	21,522	-
Net changes in proportionate share and difference between District contributions and proportionate share of contributions	105,712	(570,859)
Subtotal - Amortized deferrals (below)	609,066	(570,859)
 District contributions subsequent to measurement date	 382,261	 -
Net deferred outflow (inflow) of resources	\$ 991,327	\$ (570,859)

Subtotal amounts related to pension as deferred outflows of resources, \$609,066 and deferred inflows of resources, \$(570,859), net to \$38,207 and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2019	\$ (33,074)
2020	142,099
2021	74,608
2022	(127,716)
2023	(17,710)
Thereafter	-
	\$ 38,207

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

Actuarial Valuations and Assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 1, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amoritzation Method	Amortized as a level percentage of payroll as layered amoritzation bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Health retirees and beneficiaries: PF-2000 sex-distinct, generations per scale AA, with collar adjustments and set-backs as described in the valuation. Active members: mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: mortality rates are a percentage of the RP

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2015 Experience Study which reviewed experience for the four-year period ending on December 31, 2015.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

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	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
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 2014 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, 2018

8. PENSION PLAN, CONTINUED

Long-term expected rate of return, Continued

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds -	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
<i>Assumed Inflation - Mean</i>		2.50%

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)	\$ 3,560,185	\$ 2,089,086	\$ 858,976

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

8. PENSION PLAN, CONTINUED

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

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.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

9. OTHER POST-EMPLOYMENT BENEFIT PLANS

RHIA

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFIT PLANS CONTINUED

RHIA

Funding Policy

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

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.5% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contribution to RHIA for the year ended June 30, 2018 was \$6,813 which equaled the required contribution.

At June 30, 2018, the District's net OPEB liability/(asset) and deferred inflows and outflows in relation to the RHIA were not considered significant by management and were not accrued on the government wide statements.

Post-Employment Health Insurance Subsidy

Plan Description

The District administers a single-employer defined benefit healthcare plan that covers retired participants, and contains two components:

- Explicit Medical Benefits – Certain retirees are eligible to receive paid health care premiums for themselves and their dependents, up to a monthly cap. This explicit benefit is required to be valued under GASB Statement 75.
- Implicit Medical Benefits – Continued medical coverage is offered to the District's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the District or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the "implicit subsidy" and is required to be valued under GASB Statement 75.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFIT PLANS CONTINUED

Post-Employment Health Insurance Subsidy Continued

Plan Description

Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total OPEB liability is equal to the present value of the portion of future expected benefit payments that is considered to have been already earned by participants. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date and the measurement date was June 30, 2018.

Funding Policy

For the explicit subsidy, the District will pay monthly healthcare premiums up to a monthly cap of \$1,100 (or \$1,000 if retired before May 10, 2013). Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the District on a pay-as-you-go basis. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions

The District engaged an actuary to perform a valuation as of June 30, 2018 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the RP-2014 employee/healthy annuitant, sex distinct, generational tables. The interest rate used for discounting future liabilities was 3.75% per year, based on all years discounted at municipal bond rate (Bond Buyer 20-Bond General Obligation Index). The assumed general inflation rate was 2.5% per year, and the assumed payroll growth rate was 3.5% per year.

Changes in the Net OPEB Liability

	Increase/ (Decrease)
Total OPEB Liability at June 30, 2017	\$ 229,163
Changes for the year:	
Service cost	6,344
Interest	7,601
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	
Benefit payments	(59,257)
Total OPEB Liability at June 30, 2018	<u><u>\$ 183,851</u></u>

UNION COUNTY SCHOOL DISTRICT NO. 8-J
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFIT PLANS CONTINUED

Post-Employment Health Insurance Subsidy Continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following analysis presents the net OPEB liability using a discount rate of 3.75%, as well as what the City's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.75%) or one percentage point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB Liability	\$ 195,679	\$ 183,851	\$ 172,929

The beginning Net position for governmental funds was restated due to the District's implementation of GASB 75 for the implicit and explicit rate subsidy. Net position was decreased by \$152,594.

10. 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.

11. 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 2016-2017 year was made in May 2018, the actual amount receivable from the State was \$107,964, of which \$50,000 had been accrued in the prior year on the Statement of Net Position. For the fiscal year ended June 30, 2018, the estimated receivable from/payable to the State is \$9,200, which is immaterial and not accrued on the Statement of Net Position.

12. INTERFUND LOANS

The General Fund had loaned a total of \$28,538 to the Miscellaneous Grants fund as of June 30, 2018. These are temporary loans to be repaid when reimbursement of expenditures for grants is received.

13. 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, 2017, from which the summarized information was derived.

UNION COUNTY SCHOOL DISTRICT NO. 8-J
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

14. SUBSEQUENT EVENT

Management has considered subsequent events through December 19, 2018 in relation to additional disclosures or adjustments that are required to be made in these financial statements. There were no major subsequent events noted.

15. DEFICIT FUND BALANCE

At June 30, 2018 the Miscellaneous Grants Fund, a non-major special revenue fund, had a deficit fund balance of \$996 related to expenditures accrued for goods or services provided during the 2017-18 year.

16. CHANGE IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. GASB 75 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to OPEB. The District implemented GASB 75 for the year ended June 30, 2018. Based on implementation of GASB 75, the District restated the net position for the governmental funds as of June 30, 2017.

(This page intentionally left blank)

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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 415,500	\$ 418,500	\$ 438,234	\$ 19,734
Intermediate Sources	5,900	5,900	6,328	428
State Sources	2,831,800	3,282,800	3,280,424	(2,376)
Federal Sources	16,800	16,800	15,554	(1,246)
Interest Earnings	9,000	19,000	19,748	748
Other Local Sources	33,000	33,000	75,918	42,918
Total Revenues	<u>3,312,000</u>	<u>3,776,000</u>	<u>3,836,206</u>	<u>60,206</u>
Expenditures:				
Current:				
Instruction	2,170,750	2,323,750	2,314,746	9,004
Support Services	1,148,650	1,135,650	1,127,490	8,160
Operating Contingency	100,000	100,000	-	100,000
Total Expenditures	<u>3,419,400</u>	<u>3,559,400</u>	<u>3,442,236</u>	<u>117,164</u>
Revenues Over (Under) Expenditures	<u>(107,400)</u>	<u>216,600</u>	<u>393,970</u>	<u>177,370</u>
Other Financing Sources (Uses):				
Debt Service - Principal	(18,000)	(23,000)	(29,643)	(6,643)
Debt Service - Interest	(39,600)	(39,600)	(25,768)	13,832
Compensation for Loss on Fixed Assets	-	-	12,267	12,267
Operating Transfers Out	(105,000)	(435,000)	(422,000)	13,000
Operating Transfers In	10,000	10,000	6,582	(3,418)
Total Other Financing Sources (Uses)	<u>(152,600)</u>	<u>(487,600)</u>	<u>(458,562)</u>	<u>29,038</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(260,000)	(271,000)	(64,592)	206,408
Fund Balances, Beginning	<u>560,000</u>	<u>571,000</u>	<u>578,760</u>	<u>7,760</u>
Fund Balances, Ending	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 514,168</u>	<u>\$ 214,168</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 2017 FACILITY IMPROVEMENT FUND
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
420 2017 FACILITY IMPROVEMENT FUND				
REVENUES				
Interest on Investments	\$ -	\$ -	\$ 45,924	\$ 45,924
State Sources	3,000,000	3,000,000	-	(3,000,000)
Total Revenues	3,000,000	3,000,000	45,924	(3,000,000)
EXPENDITURES:				
Current:				
Building Acquisition and Construction	6,000,000	6,000,000	1,460,363	4,539,637
Total Expenditures	6,000,000	6,000,000	1,460,363	4,539,637
Other Financing Sources				
Bond Proceeds	3,000,000	3,000,000	3,000,000	-
Bond Premium	-	-	284,633	284,633
Total Other Financing Sources	3,000,000	3,000,000	3,284,633	284,633
Revenues and Other Financing Sources Over (Under) Expenditures	-	-	1,870,194	1,870,194
Beginning Fund Balance	-	-	(688)	(688)
Ending Fund Balance	\$ -	\$ -	\$ 1,869,506	\$ 1,869,506

SCHOOL DISTRICT NO. 8-J
UNION COUNTY OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2018

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
2018	0.02%	\$ 2,089,086	\$ 1,571,216	132.96%	83.12%
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
2018	\$ 382,261	\$ 382,261	\$ -	\$ 1,571,216	24.33%
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.

SCHOOL DISTRICT NO. 8-J
UNION COUNTY OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2018

SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

Total Other Post Employment Benefits Liability at June 30, 2017	\$	229,163
Changes for the Year:		
Service cost		6,344
Interest		7,601
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions or other input		-
Benefit payments		<u>(59,257)</u>
Net Changes for the year		(45,312)
 Total Other Post Employment Benefits Liability at June 30, 2018	 \$	 <u>183,851</u>
 Fiduciary Net Position - Beginning	 \$	 -
Contributions - Employer		59,257
Contributions - Employee		-
Net Investment Income		-
Benefit Payments		(59,257)
Administrative Expense		<u>-</u>
Net changes for the year		<u>-</u>
 Fiduciary Net Position - Ending	 \$	 <u>-</u>
 Net Liability for Other Post Employment Benefits - End of Year	 \$	 <u>183,851</u>
Fiduciary Net Position as a percentage of the total Single Employer OPEB Liability		0%
Covered Payroll	\$	1,571,216
Net OPEB as a Percentage of Covered Payroll		12%

(This page intentionally left blank)

OTHER SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018
 With Comparative Totals For June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Totals	
				2018	2017 *
ASSETS					
Cash and Investments	\$ 207,244	\$ 242,132	\$ 2,769	\$ 452,145	\$ 219,753
Receivables:					
Property Taxes	-	-	4,869	4,869	-
Intergovernmental	31,131	-	-	31,131	446,154
Total Assets	<u>\$ 238,375</u>	<u>\$ 242,132</u>	<u>\$ 7,638</u>	<u>\$ 488,145</u>	<u>\$ 665,907</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 1,586	\$ 375	2,522	\$ 4,483	\$ 182,690
Due to Other Funds	28,538	-	-	28,538	254,047
Total Liabilities	<u>30,124</u>	<u>375</u>	<u>2,522</u>	<u>33,021</u>	<u>436,737</u>
Deferred Inflows of Resources:					
Deferred Property Taxes	-	-	4,869	4,869	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>4,869</u>	<u>4,869</u>	<u>-</u>
Fund Balance:					
Fund Balance:					
Restricted	-	241,757	247	242,004	44,150
Assigned	209,247	-	-	209,247	185,020
Unassigned	(996)	-	-	(996)	-
Total Fund Balance	<u>208,251</u>	<u>241,757</u>	<u>247</u>	<u>450,255</u>	<u>229,170</u>
Total Liabilities and Fund Balance	<u>\$ 238,375</u>	<u>\$ 242,132</u>	<u>\$ 7,638</u>	<u>\$ 488,145</u>	<u>\$ 665,907</u>

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/17 and 6/30/18

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, 2018
With Comparative Totals For the Year Ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Totals	
				2018	2017 *
Revenues:					
Federal Sources	\$ 280,375	\$ -	\$ -	\$ 280,375	\$ 286,585
State Sources	106,632	420,300	-	526,932	323,102
Intermediate Sources	3,600	-	-	3,600	-
Taxes	-	-	158,146	158,146	-
Interest Earning	-	-	19	19	-
Other Local Sources	175,836	23,850	-	199,686	230,238
Total Revenues	<u>566,443</u>	<u>444,150</u>	<u>158,165</u>	<u>1,168,758</u>	<u>839,925</u>
Expenditures:					
Current:					
Instruction	338,540	-	-	338,540	303,868
Support Services	31,103	24,124	-	55,227	53,897
Community Services	226,395	-	-	226,395	210,758
Facilities Acquisition & Construction	40,164	544,847	-	585,011	560,573
Total Expenditures	<u>636,202</u>	<u>568,971</u>	<u>-</u>	<u>1,205,173</u>	<u>1,129,096</u>
Revenues Over (Under) Expenditures	<u>(69,759)</u>	<u>(124,821)</u>	<u>158,165</u>	<u>(36,415)</u>	<u>(289,171)</u>
Other Financing Sources (Uses):					
Operating Transfers In	88,000	333,800	-	421,800	130,000
Operating Transfers Out	(6,382)	-	-	(6,382)	(3,000)
Debt Service - Principal	-	-	(65,000)	(65,000)	-
Debt Service - Interest	-	-	(92,918)	(92,918)	-
Loan Proceeds	-	-	-	-	100,000
Total Other Financing Sources (Uses)	<u>81,618</u>	<u>333,800</u>	<u>(157,918)</u>	<u>257,500</u>	<u>227,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	11,859	208,979	247	221,085	(62,171)
Fund Balances, Beginning	<u>196,392</u>	<u>32,778</u>	<u>-</u>	<u>229,170</u>	<u>291,343</u>
Fund Balances, Ending	<u>\$ 208,251</u>	<u>\$ 241,757</u>	<u>\$ 247</u>	<u>\$ 450,255</u>	<u>\$ 229,170</u>

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/17 and 6/30/18

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING BALANCE SHEET - ALL NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2018
 With Comparative Totals For June 30, 2017

	School Lunch Fund	Student Activities Fund	Title II Fund	Building Reserve Fund	PERS Reserve Fund
ASSETS					
Cash and Investments	\$ 100	\$ 117,144	\$ -	\$ -	\$ 90,000
Receivables:					
Intergovernmental	2,003	-	-	-	-
Total Assets	\$ 2,103	\$ 117,144	\$ -	\$ -	\$ 90,000
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balance:					
Fund Balance:					
Restricted	-	-	-	-	-
Assigned	2,103	117,144	-	-	90,000
Unassigned	-	-	-	-	-
Total Fund Balance	2,103	117,144	-	-	90,000
Total Liabilities and Fund Balance	\$ 2,103	\$ 117,144	\$ -	\$ -	\$ 90,000

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/17 and 6/30/18

Title I Fund	Misc. Grants Fund	Measure 98 Fund	Totals	
			2018	2017 *
\$ -	\$ -	\$ -	\$ 207,244	\$ 183,775
-	29,128	-	31,131	145,253
<u>\$ -</u>	<u>\$ 29,128</u>	<u>\$ -</u>	<u>\$ 238,375</u>	<u>\$ 329,028</u>
\$ -	\$ 1,586	\$ -	\$ 1,586	\$ 1,830
-	28,538	-	28,538	130,806
<u>-</u>	<u>30,124</u>	<u>-</u>	<u>30,124</u>	<u>132,636</u>
-	-	-	-	11,372
-	-	-	209,247	185,020
<u>-</u>	<u>(996)</u>	<u>-</u>	<u>(996)</u>	<u>-</u>
-	(996)	-	208,251	196,392
<u>\$ -</u>	<u>\$ 29,128</u>	<u>\$ -</u>	<u>\$ 238,375</u>	<u>\$ 329,028</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, 2018
 With Comparative Totals For the Year Ended June 30, 2017

	School Lunch Fund	Student Activities Fund	Title II Fund	Building Reserve Fund	PERS Reserve Fund
Revenues:					
Federal Sources	\$ 95,435	\$ -	\$ 8,663	\$ -	\$ -
State Sources	3,081	-	-	-	-
Intermediate Sources	-	-	-	-	-
Other Local Sources	20,126	149,510	-	-	-
Total Revenues	<u>118,642</u>	<u>149,510</u>	<u>8,663</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	-	113,315	8,663	-	-
Support Services	-	-	-	-	-
Community Services	201,064	-	-	-	-
Facilities Acquisition & Construction	-	-	-	164	-
Total Expenditures	<u>201,064</u>	<u>113,315</u>	<u>8,663</u>	<u>164</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(82,422)</u>	<u>36,195</u>	<u>-</u>	<u>(164)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating Transfers In	77,000	-	-	-	-
Operating Transfers Out	-	(6,382)	-	-	-
Total Other Financing Sources (Uses)	<u>77,000</u>	<u>(6,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,422)	29,813	-	(164)	-
Beginning Fund Balances	<u>7,525</u>	<u>87,331</u>	<u>-</u>	<u>164</u>	<u>90,000</u>
Ending Fund Balances	<u>\$ 2,103</u>	<u>\$ 117,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,000</u>

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/17 and 6/30/18

Title I Fund	Misc. Grants Fund	Measure 98 Fund	Totals	
			2018	2017 *
\$ 81,099	\$ 95,178	\$ -	\$ 280,375	\$ 278,363
-	49,102	54,449	106,632	22,201
-	3,600	-	3,600	-
-	6,200	-	175,836	184,238
<u>81,099</u>	<u>154,080</u>	<u>54,449</u>	<u>566,443</u>	<u>484,802</u>
81,099	127,834	7,629	338,540	303,868
	24,283	6,820	31,103	23,199
	25,331	-	226,395	210,758
	-	40,000	40,164	-
<u>81,099</u>	<u>177,448</u>	<u>54,449</u>	<u>636,202</u>	<u>537,825</u>
-	(23,368)	-	(69,759)	(53,023)
-	11,000	-	88,000	90,000
-	-	-	(6,382)	(3,000)
-	11,000	-	81,618	87,000
-	(12,368)	-	11,859	33,977
-	11,372	-	196,392	162,417
<u>\$ -</u>	<u>\$ (996)</u>	<u>\$ -</u>	<u>\$ 208,251</u>	<u>\$ 196,392</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, 2018

200 SCHOOL LUNCH FUND	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local Sources	\$ 25,000	\$ 40,000	\$ 20,126	\$ (19,874)
State Sources	5,000	5,000	3,081	(1,919)
Federal Sources	85,000	85,000	95,435	10,435
Total Revenues	115,000	130,000	118,642	(11,358)
EXPENDITURES:				
Current:				
Enterprise & Community Service	175,000	200,000	201,064	(1,064)
Total Expenditures	175,000	200,000	201,064	(1,064)
Revenues Over (Under) Expenditures	(60,000)	(70,000)	(82,422)	(12,422)
Other Financing Sources (Uses)				
Operating Transfers In	60,000	70,000	77,000	7,000
Total Other Financing Sources	60,000	70,000	77,000	7,000
Revenues and Other Financing Sources Over (Under) Expenditures	-	-	(5,422)	(5,422)
Beginning Fund Balance	-	-	7,525	7,525
Ending Fund Balance	\$ -	\$ -	\$ 2,103	\$ 2,103

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, 2018

	<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	\$ 149,510	\$ 29,510
State Sources	-	-	-	-
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>149,510</u>	<u>29,510</u>
EXPENDITURES:				
Current:				
Instruction	170,000	170,000	113,315	56,685
Total Expenditures	<u>170,000</u>	<u>170,000</u>	<u>113,315</u>	<u>56,685</u>
Other Sources (Uses)				
Operating Transfers Out	(10,000)	(10,000)	(6,382)	3,618
Total Other Financing (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(6,382)</u>	<u>3,618</u>
Revenues Over (Under) Expenditures and Other Uses	<u>(60,000)</u>	<u>(60,000)</u>	<u>29,813</u>	<u>89,813</u>
Beginning Fund Balance	<u>60,000</u>	<u>60,000</u>	<u>87,331</u>	<u>27,331</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,144</u>	<u>\$ 117,144</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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
220 TITLE II				
REVENUES:				
Federal Sources	\$ 7,500	\$ 9,000	\$ 8,663	\$ (337)
Total Revenues	<u>7,500</u>	<u>9,000</u>	<u>8,663</u>	<u>(337)</u>
EXPENDITURES:				
Current:				
Instruction	7,500	9,000	8,663	337
Total Expenditures	<u>7,500</u>	<u>9,000</u>	<u>8,663</u>	<u>337</u>
Revenues Over (Under) Expenditures	-	-	-	-
Other Sources (Uses)				
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Uses	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 BUILDING RESERVE FUND
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
205 BUILDING RESERVE FUND				
REVENUES				
Local Sources	\$ -	\$ 500	\$ -	\$ (500)
Total Revenues	-	500	-	(500)
EXPENDITURES:				
Current:				
Building Acquisition and Construction	-	500	164	336
Total Expenditures	-	500	164	336
Revenues Over (Under) Expenditures	-	-	(164)	(164)
Beginning Fund Balance	-	-	164	164
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
299 PERS RESERVE FUND				
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Operating Contingency	90,000	105,000	-	105,000
Total Expenditures	<u>90,000</u>	<u>105,000</u>	<u>-</u>	<u>105,000</u>
Other Financing Sources				
Operating Transfers In	30,000	-	-	-
Total Other Financing Sources	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	(60,000)	(105,000)	-	105,000
Beginning Fund Balance	<u>60,000</u>	<u>105,000</u>	<u>90,000</u>	<u>(15,000)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 90,000</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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
210 TITLE I				
REVENUES:				
Federal Sources	\$ 68,000	\$ 86,500	\$ 81,099	\$ (5,401)
Total Revenues	<u>68,000</u>	<u>86,500</u>	<u>81,099</u>	<u>(5,401)</u>
EXPENDITURES:				
Current:				
Instruction	68,000	86,500	81,099	5,401
Total Expenditures	<u>68,000</u>	<u>86,500</u>	<u>81,099</u>	<u>5,401</u>
Revenues Over (Under) Expenditures	-	-	-	-
Other Sources (Uses)				
Operating Transfers In	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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
 MISCELLANEOUS GRANTS
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
202 MISC GRANTS				
REVENUES:				
Local Sources	\$ 52,000	\$ 37,000	\$ 6,200	\$ (30,800)
Intermediate Sources	-	-	3,600	\$ 3,600
State Sources	31,000	31,000	49,102	18,102
Federal Sources	157,000	157,000	95,178	(61,822)
Total Revenue	240,000	225,000	154,080	(70,920)
EXPENDITURES				
Current:				
Instruction	161,000	161,000	127,834	33,166
Support Services	51,000	36,000	24,283	11,717
Enterprise and Community Services	28,000	28,000	25,331	2,669
Total Expenditures	240,000	225,000	177,448	47,552
Revenues Over (Under) Expenditures	-	-	(23,368)	(23,368)
Other Financing Sources (Uses)				
Operating Transfers In	-	-	11,000	11,000
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	11,000	11,000
Revenues Over (Under) Expenditures and Other Financing Uses	-	-	(12,368)	(12,368)
Beginning Fund Balance	-	-	11,372	11,372
Ending Fund Balance	\$ -	\$ -	\$ (996)	\$ (996)

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 MEASURE 98 FUND
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
250 MEASURE 98 FUND				
REVENUES				
State Sources	\$ 50,000	\$ 56,000	\$ 54,449	\$ (1,551)
Total Revenues	50,000	56,000	54,449	(1,551)
EXPENDITURES:				
Current:				
Instruction	30,000	8,255	7,629	626
Support Services	20,000	7,745	6,820	925
Building Acquisition and Construction	-	40,000	40,000	-
Total Expenditures	50,000	56,000	54,449	1,551
Revenues Over (Under) Expenditures	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 COMBINING BALANCE SHEET - ALL NON-MAJOR CAPITAL PROJECTS FUNDS
 June 30, 2018
 With Comparative Totals For June 30, 2017

	Capital Projects Fund	Seismic Grant Fund	Totals	
			2018	2017 *
ASSETS				
Cash and Investments	\$ 242,132	\$ -	\$ 242,132	\$ 35,978
Intergovernmental Receivables	-	-	-	300,901
Total Assets	<u>\$ 242,132</u>	<u>\$ -</u>	<u>\$ 242,132</u>	<u>\$ 336,879</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	\$ 375	\$ -	\$ 375	\$ 180,860
Due to Other Funds	-	-	-	123,241
Total Liabilities	<u>375</u>	<u>-</u>	<u>375</u>	<u>304,101</u>
Fund Balance:				
Restricted	<u>241,757</u>	<u>-</u>	<u>241,757</u>	<u>32,778</u>
Total Fund Balance	<u>241,757</u>	<u>-</u>	<u>241,757</u>	<u>32,778</u>
Total Liabilities and Fund Balance	<u>\$ 242,132</u>	<u>\$ -</u>	<u>\$ 242,132</u>	<u>\$ 336,879</u>

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/17 and 6/30/18

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, 2018
 With Comparative Totals For the Year Ended June 30, 2017

	Capital Projects Fund	Seismic Grant Fund	Totals	
			2018	2017 *
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ 8,222
State Sources	45,000	375,300	420,300	300,901
Other Local Sources	23,850	-	23,850	46,000
Total Revenues	<u>68,850</u>	<u>375,300</u>	<u>444,150</u>	<u>355,123</u>
Expenditures:				
Current:				
Support Services	24,124	-	24,124	30,698
Facilities Acquisition & Construction	159,937	384,910	544,847	560,573
Total Expenditures	<u>184,061</u>	<u>384,910</u>	<u>568,971</u>	<u>591,271</u>
Revenues Over (Under) Expenditures	<u>(115,211)</u>	<u>(9,610)</u>	<u>(124,821)</u>	<u>(236,148)</u>
Other Financing Sources:				
Operating Transfers In	324,190	9,610	333,800	40,000
Loan Proceeds	-	-	-	100,000
Total Other Financing Sources	<u>324,190</u>	<u>9,610</u>	<u>333,800</u>	<u>140,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	208,979	-	208,979	(96,148)
Beginning Fund Balances	<u>32,778</u>	<u>-</u>	<u>32,778</u>	<u>128,926</u>
Ending Fund Balances	<u>\$ 241,757</u>	<u>\$ -</u>	<u>\$ 241,757</u>	<u>\$ 32,778</u>

* Prior year numbers adjusted to reflect change in major fund designations between 6/30/17 and 6/30/18

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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
400 CAPITAL PROJECTS FUND				
REVENUES:				
Local Sources	\$ 250,000	\$ 250,000	\$ 23,850	\$ (226,150)
State Sources	-	-	45,000	45,000
Federal Sources	5,000	5,000	-	(5,000)
Total Revenues	255,000	255,000	68,850	(186,150)
EXPENDITURES:				
Current:				
Support Services	25,000	25,000	24,124	876
Building Acquisition and Construction	275,000	601,000	159,937	441,063
Total Expenditures	300,000	626,000	184,061	441,939
Revenues Over (Under) Expenditures	(45,000)	(371,000)	(115,211)	255,789
Other Financing Sources				
Operating Transfers In	15,000	341,000	324,190	(16,810)
Total Other Financing Sources	15,000	341,000	324,190	(16,810)
Revenues and Other Financing Sources Over Expenditures	(30,000)	(30,000)	208,979	238,979
Beginning Fund Balance	30,000	30,000	32,778	2,778
Ending Fund Balance	\$ -	\$ -	\$ 241,757	\$ 241,757

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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
410 SEISMIC GRANT FUND				
REVENUES				
State Sources	\$ 500,000	\$ 500,000	\$ 375,300	\$ (124,700)
Total Revenues	500,000	500,000	375,300	(124,700)
EXPENDITURES:				
Current:				
Building Acquisition and Construction	500,000	510,000	384,910	125,090
Total Expenditures	500,000	510,000	384,910	125,090
Other Financing Sources				
Operating Transfers In	-	10,000	9,610	(390)
Total Other Financing Sources	-	10,000	9,610	(390)
Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DEBT SERVICE FUND
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
320 DEBT SERVICE FUND				
REVENUES				
Taxes	\$ 170,000	\$ 167,000	\$ 158,146	\$ (8,854)
Interest	-	-	19	19
Total Revenues	<u>170,000</u>	<u>167,000</u>	<u>158,165</u>	<u>(8,835)</u>
Other Financing Sources (Uses)				
Debt Service - Principal	(40,000)	(40,000)	(65,000)	(25,000)
Debt Service - Interest	(130,000)	(130,000)	(92,918)	37,082
Operating Transfers In	-	3,000	-	(3,000)
Total Other Financing Sources (Uses)	<u>(170,000)</u>	<u>(167,000)</u>	<u>(157,918)</u>	<u>9,082</u>
Revenues and Other Financing Sources Over Other Financing Uses	-	-	247	247
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247</u>	<u>\$ 247</u>

SCHOOL DISTRICT NO. 8-J
UNION COUNTY, OREGON
SCHEDULE OF STUDENT BODY FUNDS BY ACTIVITY
For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Add: Revenues	Less: Expenditures	Balance June 30, 2018
Art	\$ 439	\$ 2,220	\$ 2,519	\$ 140
Accelerated Reader	438	-	-	438
Ag Class	-	600	134	466
Boys Basketball	762	1,116	859	1,019
General Athletics	-	1,205	120	1,085
Dance Team	137	750	239	648
Football & Football Camp	2,121	3,026	846	4,301
Girls Basketball	6,959	7,261	2,000	12,220
Volleyball	940	7,640	3,900	4,680
Pink Volleyball	1,000	2,133	2,036	1,097
Jr. High Volleyball	891	922	531	1,282
Halibut Feed	-	38,701	38,616	85
Old Oregon League	828	500	800	528
Band	269	2,808	1,110	1,967
Class of:				
2018	7,766	4,686	7,155	5,297
2019	7,193	11,139	4,944	13,388
2020	3,431	3,978	2,341	5,068
2021	560	1,439	333	1,666
2022	1,842	7,547	7,141	2,248
2023	1,814	1,650	756	2,708
2024	1,142	5,705	4,994	1,853
2025	270	236	50	456
2026	145	236	134	247
2027	157	-	-	157
2028	32	75	-	107
2029	-	160	-	160
Middle School Dance	315	265	495	85
Ski Bus	215	505	-	720
Student Fee High School	1,189	2,354	1,322	2,221
Student Fee Jr. High	585	1,390	831	1,144
Home-Ec	-	875	875	-
Elementary School Supplies	166	2,470	2,400	236
Key Deposit Account	300	350	100	550
Preschool Fee	60	-	-	60
John Dean Memorial	425	-	-	425
Riki's Room	1,692	100	558	1,234
Track	228	200	-	428
World Travel	10,024	-	322	9,702
Boys Baseball	142	-	-	142
Middle School Athletics	514	-	-	514
Saturday Morning Basketball	70	120	140	50
Technology Student Association	600	100	-	700

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 SCHEDULE OF STUDENT BODY FUNDS BY ACTIVITY CONTINUED
 For the Fiscal Year Ended June 30, 2018

	Balance July 1, 2017	Add: Revenues	Less: Expenditures	Balance June 30, 2018
Gates	\$ 21	\$ 12,511	\$ 11,947	\$ 585
Drama	58	32	90	-
Farm to School	208	1,707	94	1,821
FFA	12,394	23,380	22,001	13,773
Giving Tree	3,603	1,687	117	5,173
Life Jobs	-	753	-	753
Junior High Girls Basketball	573	747	490	830
Library	541	420	80	881
Powder Valley Floral Fund	92	457	385	164
PSAT	421	256	-	677
Shop Classes	2,004	1,090	1,829	1,265
Staff Development	994	-	-	994
Cove Playday	176	-	-	176
Scholarship	6,500	3,771	5,300	4,971
Placeholder	2,047	3,633	3,652	2,028
Yearbook	2,038	1,045	1,553	1,530
Total	<u>87,331</u>	<u>165,951</u>	<u>136,139</u>	<u>117,143</u>
Transfers Between Student Groups	-	(16,441)	(16,441)	-
Grand Total	<u>\$ 87,331</u>	<u>\$ 149,510</u>	<u>\$ 119,698</u>	<u>\$ 117,144</u>

SCHOOL DISTRICT NO. 8-J
 UNION COUNTY, OREGON
 STATEMENT OF TRANSACTIONS WITH COUNTY TREASURERS
 For the Fiscal Year Ended June 30, 2018

	<u>Totals</u>	<u>Baker County</u>	<u>Union County</u>
Cash on hand with County Treasurer from property taxes July 1, 2017	\$ -	\$ -	\$ -
Treasurers' Receipts:			
Current years' general taxes plus interest	417,904	115,476	302,428
Current years' bond taxes plus interest		49,527	108,002
Prior years' taxes plus interest	<u>14,822</u>	<u>4,041</u>	<u>10,781</u>
Total Property Tax Plus Interest	590,255	169,044	421,211
Payment in Lieu of Tax	3,771	3,771	-
County School	6,328	-	6,328
Fish & Wildlife	219	-	219
Private RR Car Tax	314	314	-
Bank Interest	94	7	87
Federal Forest Receipts	15,554	6,842	8,712
Land Sales	<u>1,913</u>	<u>485</u>	<u>1,428</u>
Total Treasurers' Receipts	<u>618,448</u>	<u>180,463</u>	<u>437,985</u>
Total Available for Disbursement	<u>618,448</u>	<u>180,463</u>	<u>437,985</u>
Treasurers Disbursements:			
Turnover to 8-J General Fund	<u>618,448</u>	<u>180,463</u>	<u>437,985</u>
Cash on hand with County Treasurer from property taxes June 30, 2018	<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, 2018

	Taxes Receivable July 1, 2017	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2018
Tax Transactions						
BAKER COUNTY						
2017-18	\$ -	\$ 122,822	\$ (186)	\$ (3,139)	\$ 115,425	\$ 4,072
2016-17	3,247	-	(3)	-	1,661	1,583
2015-16	2,138	-	1	-	820	1,319
2014-15	1,301	-	6	-	638	669
2013-14	591	-	(4)	-	285	302
2012-13	270	-	(15)	-	33	222
2011-12	341	-	(12)	-	16	313
All Prior Years	178	-	(13)	-	8	154
Total Tax Transaction	<u>\$ 8,066</u>	<u>\$ 122,822</u>	<u>\$ (226)</u>	<u>\$ (3,139)</u>	118,886	<u>\$ 8,634</u>
Interest Collections					630	
Total Collections					<u>\$ 119,516</u>	
	Taxes Receivable July 1, 2017	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2018
Tax Transactions						
UNION COUNTY						
2017-18	\$ -	\$ 319,948	\$ (621)	\$ (8,381)	\$ 302,202	\$ 8,744
2016-17	10,644	-	67	-	4,304	6,407
2015-16	7,057	-	194	-	1,463	5,788
2014-15	5,187	-	1,052	-	1,423	4,816
2013-14	2,264	-	(76)	-	851	1,337
2012-13	1,205	-	177	-	179	1,203
2011-12	924	-	153	-	26	1,051
All Prior Years	1,873	-	688	-	27	2,534
Total Tax Transaction	<u>\$ 29,154</u>	<u>\$ 319,948</u>	<u>\$ 1,634</u>	<u>\$ (8,381)</u>	310,475	<u>\$ 31,880</u>
Interest Collections					2,734	
Total Collections					<u>\$ 313,209</u>	

SCHOOL DISTRICT NO. 8-J
UNION COUNTY, OREGON
STATEMENT OF PROPERTY TAX TRANSACTIONS - BONDED DEBT
For the Fiscal Year Ended June 30, 2018

	Taxes Receivable July 1, 2017	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2018
Tax Transactions						
BAKER COUNTY						
2017-18	\$ -	\$ 68,737	\$ (16,140)	\$ (1,346)	\$ 49,505	\$ 1,746
2016-17	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2012-13	-	-	-	-	-	-
2011-12	-	-	-	-	-	-
All Prior Years	-	-	-	-	-	-
Total Tax Transaction	<u>\$ -</u>	<u>\$ 68,737</u>	<u>\$ (16,140)</u>	<u>\$ (1,346)</u>	49,505	<u>\$ 1,746</u>
Interest Collections					-	
Total Collections					<u>\$ 49,505</u>	
	Taxes Receivable July 1, 2017	Current Net Levy	Adjustments	Discounts Allowed	Taxes Collected	Taxes Receivable June 30, 2018
Tax Transactions						
UNION COUNTY						
2017-18	\$ -	\$ 114,258	\$ (221)	\$ (2,993)	\$ 107,921	\$ 3,123
2016-17	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2012-13	-	-	-	-	-	-
2011-12	-	-	-	-	-	-
All Prior Years	-	-	-	-	-	-
Total Tax Transaction	<u>\$ -</u>	<u>\$ 114,258</u>	<u>\$ (221)</u>	<u>\$ (2,993)</u>	107,921	<u>\$ 3,123</u>
Interest Collections					-	
Total Collections					<u>\$ 107,921</u>	

SUPPLEMENTAL INFORMATION, 2017-2018

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	\$51,745
Function 2550	\$0

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

Exclude these functions:	Exclude these functions:	\$0
1113, 1122 & 1132	Co-curricular Activities	
1140	Pre-Kindergarten	
1300	Continuing Education	
1400	Summer School	
	4150 Construction	
	2550 Pupil Transportation	
	3100 Food Service	
	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, 2018

Federal Grantor	Program Title	Grant	Grant Period	CFDA Number	Grant Award	2017-18 Revenues	2017-18 Expenditures
Pass through Grantor		Number					
<u>U.S. Department of Agriculture - General Fund</u>							
Passed through Union County, Oregon							
	Federal Forest Fees	N/A	7/1/17 - 6/30/18	10.665	\$ 8,712	\$ 8,712	\$ 8,712
Passed through Baker County, Oregon							
	Federal Forest Fees	N/A	7/1/17 - 6/30/18	10.665	\$ 6,842	\$ 6,842	\$ 6,842
<u>Total U.S. Department of Agriculture - General Fund</u>					<u>15,554</u>	<u>15,554</u>	<u>15,554</u>
<u>U.S. Department of Education - Special Revenue Fund:</u>							
Direct Federal Grants:							
	Small, Rural School Achievement Program		7/1/17 - 09/30/18	84.358A	29,435	29,435	29,435
Passed through Oregon State Department of Education:							
	Title IA Formula	45654	7/1/17 - 9/30/18	84.010	86,279	81,099	81,099
	Title II A Teacher Quality	45870	7/1/17 - 9/30/18	84.367	8,663	8,663	8,663
	SPR&I Grant	44453	7/1/17 - 6/30/18	84.027	1,186	1,186	1,186
	IDEA Enhancement Grants - Discretionary	46499	10/1/17 - 9/30/18	84.027	1,591	1,591	1,591
	IDEA Part B Section 611	41587	7/1/16 - 9/30/18	84.027	46,228	176	176
		45226	7/1/17 - 9/30/19	84.027	44,037	44,037	44,037
	IDEA Part B Section 619	40652	7/1/16 - 9/30/18	84.173	485	485	485
<u>Total U.S. Department of Education</u>					<u>217,904</u>	<u>166,672</u>	<u>166,672</u>
<u>U.S. Department of Agriculture - Special Revenue Fund:</u>							
Passed through Oregon State Department of Education:							
	National School Lunch	3114001	7/1/17 - 6/30/18	10.555	66,514	66,514	66,514
	National School Breakfast	3114001	7/1/17 - 6/30/18	10.553	20,218	20,218	20,218
	SAE Admin	3114001	7/1/17 - 6/30/18	10.560	166	166	166
	Commodities	3114001	7/1/17 - 6/30/18	10.550	8,538	8,538	8,538
			Total		<u>95,436</u>	<u>95,436</u>	<u>95,436</u>
Passed through Oregon State Department of Agriculture:							
	Specialty Crop Grant	3685-GR	10/1/15 - 3/31/18	10.170	97,651	13,895	13,895
	Food Corp Oregon	3849-GR	6/1/16 - 2/28/18	10.575	6,543	4,372	4,372
<u>Total U.S. Department of Agriculture - Special Revenue Fund</u>					<u>199,630</u>	<u>113,703</u>	<u>113,703</u>
<u>Total Special Revenue Funds</u>					<u>417,534</u>	<u>280,375</u>	<u>280,375</u>
Total Federal Financial Assistance					<u>\$ 433,088</u>	<u>\$ 295,929</u>	<u>\$ 295,929</u>

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, 2018

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
1110 Ad Valorem Taxes Levied by District	\$438,234		\$158,146					\$596,380
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	19,748		19	45,924				65,691
1600 Food Service		20,126						20,126
1700 Extracurricular Activities		149,510						149,510
1800 Community Services Activities								0
1910 Rentals								0
1920 Contributions and Donations From Private Sources	200	6,200		17,850				24,250
1930 Rental or Lease Payments From Private Contractors								0
1940 Services Provided Other Local Education Agencies	9,046			6,000				15,046
1950 Textbook Sales and Rentals								0
1960 Recovery of Prior Years' Expenditure	49,994							49,994
1970 Services Provided Other Funds								0
1980 Fees Charged to Grants								0
1990 Miscellaneous	16,669							16,669
Total Revenue from Local Sources	533,891	175,836	158,165	69,774	0	0	0	937,665

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
2101 County School Funds	6,328							6,328
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		3,600						3,600
2800 Revenue in Lieu of Taxes								0
2900 Revenue for/on Behalf of the District								0
Total Revenue from Intermediate Sources	6,328	3,600	0	0	0	0	0	9,928

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
3101 State School Fund - General Support	3,255,764							3,255,764
3102 State School Fund - School Lunch Match								0
3103 Common School Fund	24,660							24,660
3104 State Managed County Timber								0
3106 State School Fund - Accrual								0
3199 Other Unrestricted Grants-in-Aid								0
3200 Restricted Grants-in-Aid		40,561						40,561
3222 State School Fund (SSF) Transportation Equipment								0
3299 Other Restricted Grants-in-Aid		66,072		420,300				486,372
3800 Revenue in Lieu of Taxes								0
3900 Revenue for/on Behalf of the District								0
Total Revenue from State Sources	3,280,424	106,633	0	420,300	0	0	0	3,807,356

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
4100 Unrestricted Revenue Direct From the Federal Government		29,435						29,435
4200 Unrestricted Revenue From the Federal Government Through the State								0
4300 Restricted Revenue From the Federal Government								0
4500 Restricted Revenue From the Federal Government Through the State		194,927						194,927
4700 Grants-In-Aid From the Federal Gov't Through Other Agencies								0
4801 Federal Forest Fees	15,553							15,553
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		56,014						56,014
Total Revenue from Federal Sources	15,553	280,376	0	0	0	0	0	295,929

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
5100 Long Term Debt Financing Sources				3,284,633				3,284,633
5200 Interfund Transfers	6,582	88,000		333,800				428,382
5300 Sale of or Compensation for Loss of Fixed Assets	12,267							12,267
5400 Resources - Beginning Fund Balance	578,760	196,392		32,090				807,242
Total Revenue from Other Sources	597,609	284,392	0	3,650,523	0	0	0	4,532,524

Grand Totals

\$4,433,805	\$850,837	\$158,165	\$4,140,597	\$0	\$0	\$0	\$9,583,402
--------------------	------------------	------------------	--------------------	------------	------------	------------	--------------------

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, 2018

Fund: General Fund		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures									
1111	Primary, K-3	\$768,763	\$421,730	\$338,510	\$833	\$7,690			
1121	Middle/Junior High Programs	405,071	246,884	151,407	823	5,957			
1122	Middle/Junior High School Extracurricular	11,080	3,909	1,401	613	2,844		2,313	
1131	High School Programs	643,786	386,420	227,843	5,627	22,542		1,354	
1132	High School Extracurricular	141,677	82,639	20,705	7,269	10,133		20,931	
1140	Pre-Kindergarten Programs	34,084	18,386	15,698					
1210	Programs for the Talented and Gifted	0							
1220	Restrictive Programs for Students with Disabilities	0							
1250	Less Restrictive Programs for Students with Disabilities	180,914	103,566	72,482	3,311	1,555			
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	91,575	52,108	38,857	341	269			
1280	Alternative Education	35,311	21,854	1,746	8,612	3,099			
1291	English Second Language Programs	0							
1292	Teen Parent Program	0							
1293	Migrant Education	0							
1294	Youth Corrections Education	1,477			1,477				
1299	Other Programs	0							
1300	Adult/Continuing Education Programs	0							
1400	Summer School Programs	1,003				1,003			
Total Instruction Expenditures		2,314,741	1,337,496	868,649	28,906	55,092	0	24,598	0
Support Services Expenditures									
2110	Attendance and Social Work Services	9,508			9,508				
2120	Guidance Services	20,000			20,000				
2130	Health Services	3,755			3,755				
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	2,550	1,493	120	95	842			
2230	Assessment & Testing	194				194			
2240	Instructional Staff Development	26,101	1,605	2,300	15,540	836		5,820	
2310	Board of Education Services	24,801			19,944	1,993		2,864	
2320	Executive Administration Services	218,444	101,340	90,954	10,928	11,868		3,354	
2410	Office of the Principal Services	94,154	53,543	27,220	2,900	8,775		1,716	
2490	Other Support Services - School Administration	0							
2510	Direction of Business Support Services	0							
2520	Fiscal Services	87,962			79,528	6,716		1,718	
2540	Operation and Maintenance of Plant Services	307,328	96,068	73,386	85,432	26,559		25,883	
2550	Student Transportation Services	235,099			235,099				
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	10,500			10,500				
2660	Technology Services	79,091			46,630	25,708	6,753		
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		1,127,487	254,049	193,980	547,859	83,491	6,753	41,355	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	55,411						55,411	
5200	Transfers of Funds	422,000							422,000
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		477,411	0	0	0	0	0	55,411	422,000
Grand Totals		3,919,639	1,591,545	1,062,629	576,765	138,583	6,753	121,364	422,000

**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, 2018**

Fund: Special Revenues		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures									
1111	Primary, K-3	\$40,561	\$40,561						
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	20,944	7,793	(165)		13,316			
1132	High School Extracurricular	113,315				113,315			
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	44,522	23,599	20,438	485				
1260	Early Intervention	0							
1271	Remediation	0							
1272	Title I	119,197	66,779	52,239	166	13			
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		338,539	138,732	72,512	651	126,644	0	0	0
Support Services Expenditures									
2110	Attendance and Social Work Services	0							
2120	Guidance Services	6,821	3,119	3,702					
2130	Health Services	21,506	3,000	1,083	500	16,923			
2140	Psychological Services	2,777	1,070	116	1,591				
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							
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		31,104	7,189	4,901	2,091	16,923	0	0	0
Enterprise and Community Services Expenditures									
3100	Food Services	226,396	59,029	64,592	5,017	88,600		9,158	
3200	Other Enterprise Services	0							
3300	Community Services	0							
3500	Custody and Care of Children Services	0							
Total Enterprise and Community Services Expenditures		226,396	59,029	64,592	5,017	88,600	0	9,158	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	40,163				163	40,000		
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		40,163	0	0	0	163	40,000	0	0
Other Uses Expenditures									
5100	Debt Service	0							
5200	Transfers of Funds	6,382							6,382
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		6,382	0	0	0	0	0	0	6,382
Grand Totals		\$642,584	\$204,950	\$142,005	\$7,759	\$232,330	\$40,000	\$9,158	\$6,382

**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, 2018**

Fund: Debt Service		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	0							
2550	Student Transportation Services	0							
2570	Internal Services	0							
2610	Direction of Central Support Services	0							
2620	Planning, Research, Development, Evaluation Services, Grant Writing	0							
2630	Information Services	0							
2640	Staff Services	0							
2660	Technology Services	0							
2670	Records Management Services	0							
2690	Other Support Services - Central	0							
2700	Supplemental Retirement Program	0							
Total Support Services Expenditures		0	0	0	0	0	0	0	0
Enterprise and Community Services Expenditures									
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	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	157,918						157,918	
5200	Transfers of Funds	0							
5300	Apportionment of Funds by ESD	0							
Total Other Uses Expenditures		157,918	0	0	0	0	0	157,918	0
Grand Totals		\$157,918	\$0	\$0	\$0	\$0	\$0	\$157,918	\$0

**School District No. 8-J
Union County, Oregon
District Audit Expenditure Summary
Supplemental Information as Required by the Oregon Department of Education (3211c)
For the Year Ended June 30, 2018**

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	24,124			23,250	874			
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		24,124	0	0	23,250	874	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	2,005,209			310,179	21,011	1,515,087	158,932	
4190	Other Facilities Construction Services	0							
Total Facilities Acquisition and Construction Expenditures		2,005,209	0	0	310,179	21,011	1,515,087	158,932	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		\$2,029,333	\$0	\$0	\$333,429	\$21,885	\$1,515,087	\$158,932	\$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, 2018 and have issued our report thereon dated December 19, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

- Accounting and Internal Control Structure
- Deposit of public funds with financial institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions and repayment
- Budgets legally required (ORS Chapter 294)
- Insurance and fidelity bonds in force or required by law
- Programs funded from outside sources
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- State School Fund distributions factors (ORS 327.013)

In connection with our testing nothing came to our attention that caused us to believe that Union County School District 8-J was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

- 1) ORS Chapter 294 requires that notice of budget committee meeting be published in the newspaper, typically twice prior to the meeting date. However, the statute does allow for it to be published only once if it is also published on the municipal corporation's website. If this second option is elected then the newspaper notice must contain the website address at which the notice is posted. The District's newspaper publication did not meet this requirement.
- 2) In the School Lunch Fund there was an over-expenditure in the Enterprise and Community Service appropriation category of \$1,064. On an overall basis, the District's fiscal year 2017-18 expenditures were not in excess of appropriations.

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 19, 2017