

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
Butte Falls, Oregon**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2017

WITH

INDEPENDENT AUDITOR'S REPORT



**JACKSON COUNTY SCHOOL DISTRICT NO. 91
Butte Falls, Oregon**

Fiscal Year Ended June 30, 2017

Administrative Office: PO Box 228
Butte Falls, Oregon 97522

BOARD OF DIRECTORS AS OF JUNE 30, 2017

Steve Nelson	Chairman
Dan Murphy	Vice Chairman
Stephanie Pitts	Director
Aaron Worman	Director
Kathleen Misfeldt	Director

ADMINISTRATIVE STAFF

Dr. Phil Long	Superintendent – Clerk
Claire Cotton	Director of Business Services, Douglas ESD

JACKSON COUNTY SCHOOL DISTRICT NO. 91

Butte Falls, Oregon

Fiscal Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson County School District No. 91
Butte Falls, Oregon

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Jackson County School District No. 91 (District), Butte Falls, Oregon as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2017, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Management's Discussion and Analysis and the Other Supplementary Information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedules of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Cash Basis - Budget and Actual (General Fund, and Special Revenue Fund), School District Financial Accounting Summaries and the Supplementary Schedule of Federal Award Receipts and Disbursements – Cash Basis information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Cash Basis - Budget and Actual (General Fund and Special Revenue Fund), School District Financial Accounting Summaries and the Schedule of Federal Award Receipts and Disbursements – Cash Basis information are fairly stated in all material aspects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required By Oregon State Regulations

In accordance with Oregon State Regulation, we have also issued our report dated November 20, 2017 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Stewart C. Parmele, CPA, Partner
KDP, Certified Public Accountants, LLP
November 21, 2017

Jackson County School District No. 91
Butte Falls, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The discussion and analysis of Jackson County School District #91's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year, fund balance for all governmental funds combined was \$747 thousand, an increase of \$131 thousand in comparison to the prior year. Of the \$747 thousand, approximately \$108 thousand is restricted, \$521 thousand is committed, \$33 thousand is assigned and \$86 thousand is unassigned.
- State School Support received was up \$515 thousand from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances, in a manner similar to private-sector business. The Government-Wide Financial Statements can be found as listed in the Table of Contents of this report. These statements include:

- The Statement of Net Position The *Statement of Net Position* presents information on all of the assets of the District at year end resulting from the use of the cash basis of accounting. Net position is equivalent to the equity in pooled cash and cash equivalents. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenditures and other transactions resulting from the use of the cash basis of accounting that increase or reduce net position.

Fund Financial Statements The *Fund Financial Statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are in one category: governmental funds. The Fund Financial Statements can be found as listed in the Table of Contents of this report.

Jackson County School District No. 91
Butte Falls, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2017

- Governmental Funds Governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Such information may be useful in evaluating a government's near-term financing requirements. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities. The District considers the General Fund, and the Special Revenue Funds to be significant or major governmental funds.

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. The notes to the basic financial statements can be found as listed in the Table of Contents of this report.

Other Supplementary Information The Management's Discussion and Analysis: Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance; and Supplementary Schedule of Federal Award Receipts and Disbursements represent financial information not considered to be Required Supplementary Information on the cash basis of accounting. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other supplementary financial information is provided to address certain specific needs of various users of the District's annual report.

BASIS OF ACCOUNTING

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenditures, and their related assets and liabilities. Under the District's cash basis of accounting, revenues and expenditures and related assets are recorded when they result from cash transactions in the government-wide financial statements for all activities and in the fund financial statements.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services, received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following summaries present comparative data for the current and prior fiscal years. The Statement of Net Position, resulting from cash basis transactions, provides the perspective of the District as a whole.

Jackson County School District No. 91
Butte Falls, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Statement of Net Position Summary – Cash Basis

	2017	2016
Assets		
Current and other assets	\$ 746,990	\$ 615,990
Total Assets	\$ 746,990	\$ 615,990
Net Position		
Restricted	\$ 105,571	\$ 87,514
Unrestricted	641,419	528,476
Total Net Position	\$ 746,990	\$ 615,990

Total net position of governmental activities increased by approximately \$131,000. Please refer to the section "Current financial issues and concerns" further in Management's Discussion and Analysis for background on the decrease in total net position.

**Statement of Activities Summary – Cash Basis
(in thousands)**

	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 115	\$ 127
Operating grants and contributions	219	381
General Revenues		
Property taxes	409	396
State school fund - general support	2,185	1,669
Other federal, state, and local sources	12	18
Earnings on investments	9	6
Other	122	63
Total revenues	3,071	2,660
Expenditures		
Instruction	1,541	1,582
Support services	1,142	1,240
Enterprise and community services	130	127
Facilities acquisition and construction	127	-
Total expenditures	2,940	2,949
Change in Net Position	131	(289)
Net Position - Beginning of the year	616	905
Net Position - End of the year	\$ 747	\$ 616

Jackson County School District No. 91
Butte Falls, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2017

GOVERNMENTAL ACTIVITIES

K-12 education in Oregon is state funded. While the District still levies a fixed amount per \$1,000 of assessed value, this revenue is included in the State's calculation of overall funding. Property taxes made up 13% of general revenues for governmental activities for the Jackson County School District #91 for fiscal year 2017.

Instruction comprises 53% of District expenses. Support services make up 39% of the total expenses of the District. However, it should be noted that the support service function includes services to students. Some of the services to students included in this function category are transportation and technology.

The Statement of Activities – Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. This cost of services summary shows the total cost of services and the net cost of services by identifying the cost of these services supported by tax revenue and unrestricted state entitlements.

Instruction expense includes activities directly dealing with the teaching of students and the interaction between teacher and student.

Support services expense includes services which provide administrative, technical and transportation and exist to sustain and enhance instruction.

Community service activities include the food service program and community programs related to the education of students.

Transfers to other funds withdraw money from one fund and place it in another to financially assist funds that need an additional resource.

Contingencies are expenditures which cannot be foreseen and planned in the budget process because of an occurrence of an unusual or extraordinary event.

GENERAL FUND BUDGETARY HIGHLIGHTS

Jackson County School District #91's budget is prepared according to Oregon law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. All funds are budgeted but the most significant budgeted fund is the General Fund.

	Budget Final	Actual	Variance
Instruction	\$ 1,412,096	\$ 1,375,366	\$ 36,730
Support Services	1,080,144	1,065,987	14,157
Transfers	116,000	(34,000)	150,000
Contingency	27,860	-	27,860
	\$ 2,636,100	\$ 2,407,353	\$ 228,747

Jackson County School District No. 91
Butte Falls, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. The District does not possess any infrastructure capital assets.

The District has no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although the most significant revenue factor for the District is the State of Oregon's State School Fund what is equally important is that the State School Fund is built on student membership. Jackson County School District #91 is located in a small community located in the Cascade Mountains 35 miles northeast of Medford in southwestern Oregon. The town has as approximately 439 residents. The District includes not only the town of Butte Falls, but also outlying areas above and below town. The major source of employment for the town is the District. Over the years the student membership of the district has taken a sharp turn downward, however with extensive communication & advertising student membership is starting to increase.

The four buildings that comprise Jackson County School District #91 are maintained with limited resources and personnel. The secondary building was built in 1926 and is the subject of a seismic retrofit grant that the district received and is currently working with vendors to get started. There have been some unexpected challenges that are currently being worked through.

The former Butte Falls Fish Hatchery which the state ceded to the district in 2012 is now the Natural Resource Center and is being used as a "living lab" for natural resource studies. The house on the property was renovated and is currently rented, providing site security and additional revenue for the Center.

Salaries, state-run health and retirement costs, utilities, and fuel costs continue to rise. The District's budget must encompass the increase in expenses in all aspects of the operation of the District.

Enrollment has remained steady through the 2016-2017 fiscal year, with great expectations that this will only continue, if not rise, as we move into the next fiscal year. As new students are arriving, more staff is needed to cover our growing needs. With the additional staff the District is hoping to start offering more selections of elective classes, in order to increase the interest of students to remain at the District and to attract new students as well.

The District's Board is aware of the economic factors that influence personnel, programs, and the educational level of the students, as they face financial decisions in the year ahead. The 2017-2018 budget includes an anticipated transfer of \$34,000 from General Funds, \$61,760 from reserve and \$25,000 from PERS reserve to maintain current programs and staffing levels. The board recognized that the reserve will not be able to fill funding gaps for the district indefinitely and is looking at ways to continue to increase enrollment.

Jackson County School District No. 91
Butte Falls, Oregon
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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 requests for additional information should be addressed to the District's Business Manager at 1871 NE Stephens, Roseburg, Oregon 97470.

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 1,540,750	\$ 14,733	\$ 104,337	\$ (1,421,681)
Supporting services	1,141,784	11,547	81,776	(1,048,461)
Enterprise & community services	130,596	89,150	8,389	(33,058)
Facilities acquisition and construction	126,614	-	24,205	(102,409)
	<u>\$ 2,939,744</u>	<u>\$ 115,429</u>	<u>\$ 218,707</u>	<u>(2,605,608)</u>
Total government activities				
General revenues:				
Property taxes levied for general purposes				408,830
State school fund - transportation				12,323
Contributions				28,109
Earnings on investments				8,943
State school fund - general support				2,184,561
Common school fund				19,757
State school fund - lunch match				612
Federal forest fees				778
Miscellaneous				72,695
				<u>2,736,608</u>
Total general revenues				<u>2,736,608</u>
CHANGE IN NET POSITION				131,000
NET POSITION - July 1, 2016				615,990
NET POSITION - June 30, 2017				<u>\$ 746,990</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
ASSETS:				
Equity in pooled cash and investments	\$ 229,217	\$ 620,182	\$ (102,409)	\$ 746,990
TOTAL ASSETS	<u>\$ 229,217</u>	<u>\$ 620,182</u>	<u>\$ (102,409)</u>	<u>\$ 746,990</u>
FUND BALANCES:				
Restricted	\$ -	\$ 107,560	\$ -	\$ 107,560
Committed	-	520,701	-	520,701
Assigned	-	32,583	-	32,583
Unassigned	229,217	(40,662)	(102,409)	86,146
TOTAL FUND BALANCES	<u>\$ 229,217</u>	<u>\$ 620,182</u>	<u>\$ (102,409)</u>	746,990

Reconciliation to Statement of Net Position:

Net Position of governmental activities	<u>\$ 746,990</u>
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**JACKSON COUNTY SCHOOL DISTRICT NO. 91
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES				
Property taxes and other taxes	\$ 408,830	\$ -	\$ -	\$ 408,830
Intergovernmental	2,205,924	292,136	24,205	2,522,265
Charges for services	3,881	24,657	-	28,538
Local grants and contributions	1,198	26,911	-	28,109
Investment earnings	8,938	5	-	8,943
Miscellaneous	66,558	7,501	-	74,059
TOTAL REVENUES	<u>2,695,329</u>	<u>351,210</u>	<u>24,205</u>	<u>3,070,744</u>
EXPENDITURES				
Current:				
Instruction	1,375,366	165,384	-	1,540,750
Support services	1,065,987	75,797	-	1,141,784
Enterprise and community services	-	130,596	-	130,596
Facilities acquisition and construction	-	-	126,614	126,614
TOTAL EXPENDITURES	<u>2,441,353</u>	<u>371,777</u>	<u>126,614</u>	<u>2,939,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>253,976</u>	<u>(20,567)</u>	<u>(102,409)</u>	<u>131,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(34,000)	34,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(34,000)</u>	<u>34,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	219,976	13,433	(102,409)	131,000
FUND BALANCE, July 1, 2016	<u>9,241</u>	<u>606,749</u>	<u>-</u>	<u>615,990</u>
FUND BALANCE, June 30, 2017	<u>\$ 229,217</u>	<u>\$ 620,182</u>	<u>\$ (102,409)</u>	<u>\$ 746,990</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

Jackson County School District No. 91 (the District), Butte Falls, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. 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. The criteria for including organizations as component units within the District's reporting entity, as set forth in the Governmental Accounting Standards Board Statement No. 14, include the following:

- 1) The Primary Government (PG) appoints a voting majority of the Component Unit's (CU) governing body and:
 - the PG can impose its will on the CU and/or
 - a financial benefit/burden relationship exists between the PG and the potential CU;
- 2) The CU is fiscally dependent on the PG; or
- 3) The PG's financial statements would be misleading or incomplete if the CU were excluded.

Butte Falls Charter School is considered a school within a school. This school is fiscally dependent on Jackson County School District No. 91. Butte Falls Charter School operates under authority of the Jackson County School District No. 91, who exercises oversight as required by Oregon law. Butte Falls Charter School is not required by Oregon law to issue separate financial statements per the Oregon Department of Education. This Charter School is considered to be the operational component of the School District as a whole.

There are various other governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The financial statements of the District, have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The more significant of the District's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

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

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

The Statement of Activities presents a comparison between direct expenditures and program revenues for each of its functions/programs. Direct expenditures are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, 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.

The District's Net Position is reported as restricted when constraints placed on net assets are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Programs Fund - This fund accounts for revenues and expenditures restricted for specific educational purposes. Principal revenue sources are student activities, cash sales of food, and government grants.

Capital Projects Fund - This fund accounts for the acquisition, construction and maintenance of improvements within the District. The principal revenue source is a state of Oregon seismic grant.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Revenues are recorded when collected and expenditures are recorded when paid. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the cash basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year received, regardless of when all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenditures are incurred, there may be both restricted and unrestricted funds available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Governmental fund financial statements are reported using a "current financial resources" measurement focus, as applied to the cash basis of accounting. Only current financial assets are generally included on the statement of cash basis assets and fund balance. Their operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Expenditures are recorded when paid. 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. With the cash basis of accounting, the use of cash to purchase a capital asset or to loan cash to another fund is reported as a cash disbursement and not as an asset.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the government-wide financials would be presented on the accrual basis of accounting.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

The District's investments, authorized under state statute, consist 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 funds. 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. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Property Taxes

Ad valorem property taxes are assessed on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are not recorded on the Statement of Net Position under the cash basis of accounting.

Capital Assets

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as capital outlay expenditures in the Statement of Activities. In the government-wide financial statements such costs would, under generally accepted accounting principles, be capitalized and depreciated over their useful lives.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Net Position / Fund Balance

In the government-wide financial statements, fund balance is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of total capital assets, net of accumulated depreciation, and net of long-term borrowings attributable to acquisition, construction, or improvement of capital assets.
- b. Restricted - Consists of net balances with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net balances that do not meet the definitions above.

Under the cash basis of accounting, the District only reports restricted and unrestricted net balances classified as Net Position.

In the fund financial statements, governmental fund balance is classified in the following categories:

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Education, by formal board action.

Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Business Manager.

Unassigned – This is the residual classification used for those balances not assigned to another category.

Budget

A budget is prepared and legally adopted for each governmental fund type on the cash basis of accounting. The budgetary basis of accounting is in conformity with a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) for the governmental fund types. Capital outlay expenditures are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies (continued)

Budget (continued)

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets 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 within a fund between the levels of control (major function levels) with Board approval. During the year, the Board adopted various resolutions that amended the budget. There were no supplemental budgets adopted.

During the fiscal year ended June 30, 2017, the District was in compliance with Local Budget Law, except as follows:

The District over expended in the Special Revenue Fund in the enterprise and community services category by \$28,158. This was due to under-budgeting in Food Service and the unanticipated need for supplies for extracurricular activities to keep programs up and running.

Retirement Plan

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenditures/expenses as funded. The 2003 Oregon Legislature passed PERS reform legislation and essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees become members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

Adoption of New GASB Pronouncements:

GASB Statement No. 77, Tax Abatement Disclosures. Issued August 2015, this statement requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 was implemented by the District for the fiscal year ended June 30, 2017. As of June 30, 2017 the District has not entered into any tax abatement agreements.

Note 2 - Equity in Pooled Cash and Investments

Cash and investments are comprised of the following as of June 30, 2017:

Carrying amount of demand deposits	\$ 332,910
Carrying amount of investments	414,080
	<hr/>
	\$ 746,990
	<hr/> <hr/>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Equity in Pooled Cash and Investments	\$ 746,990
	<hr/> <hr/>

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 2 - Equity in Pooled Cash and Investments (continued)

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2017. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. All deposits in excess of federal depository insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. For the fiscal year ended June 30, 2017, the carrying amounts of the District deposits in various financial institutions were \$332,910, and the bank balances were \$541,097. All deposits are held in the name of the District. At June 30, 2017 the District's deposits were covered by federal depository insurance and Oregon's shared liability structure for participating bank depositories.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Investments. State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool.

Jackson County School District No. 91 has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016-2017. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 2 - Equity in Pooled Cash and Investments (continued)

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

As of June 30, 2017 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. 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, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Investments Measured at Fair Value:	Totals as of 6/30/17	Level One	Level Two	Level Three	Not Measured at Fair Value
Local Government Investment Pool	\$ 414,080	\$ -	\$ -	\$ -	\$ 414,080
	<u>\$ 414,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,080</u>

Note 3 - Receivables

Property taxes are assessed and attached as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Jackson and remittance to the District is made at periodic intervals.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 3 - Receivables (continued)

For the 2016-17 fiscal year, the District levied its permanent tax of \$4.5749 per \$1,000 of assessed value. This rate was expected to raise \$427,163, including estimated property tax not to be received of \$8,581. After reduction for estimated shared offsets, truncation, and loss due to constitutional limits of \$34, this resulted in a net levy of \$418,616.

	<u>Receivable 7/1/2016</u>	<u>2016-17 Net Levy</u>	<u>Collections and Adjustments</u>	<u>Receivable 6/30/2017</u>
2016-17	\$ -	\$ 418,616	\$ 405,612	\$ 13,004
2015-16	13,463		6,873	6,590
2014-15	6,587		2,201	4,386
2013-14	4,267		1,569	2,698
2012-13	2,433		1,043	1,390
2011-12	1,353		146	1,207
2010-11	318		114	204
Prior Years	<u>1,085</u>		<u>232</u>	<u>853</u>
	<u>\$ 29,506</u>	<u>\$ 418,616</u>	<u>\$ 417,790</u>	<u>\$ 30,332</u>

Under the cash basis method of accounting, property taxes are reflected as revenue only in the period they are received. Accordingly, the receivable of \$30,332 as of June 30, 2017, is not included in the Statement of Net Position.

Note 4 - Leases

The District leases equipment under a non-cancelable operating lease. Total cost for this lease was \$8,056 for the fiscal year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Fiscal year ending June 30,

2018	\$ 8,008
2019	<u>3,743</u>
	<u>\$ 11,751</u>

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 5 - Interfund Transactions

Interfund transfers during the fiscal year ended June 30, 2017 were as follows:

	Out	In
General Fund	\$ 34,000	\$ -
Special Program Fund	-	34,000
	\$ 34,000	\$ 34,000

The District made various transfers into the Special Revenue Fund totaling \$34,000 to support the cost of operating the Food Service program. All of these transfers were approved by the Board and were budgeted.

Note 6 - Fund Balance/Net Position

The following is the breakdown of the various categories of restricted, committed, assigned and unassigned ending Fund Balances:

	General Fund	Special Revenue Fund	Capital Projects Fund
Fund Balance, June 30, 2017			
Restricted - Transportation	\$ -	\$ 65,774	\$ -
Restricted - Education Grants	-	1,989	-
Restricted - Energy Efficient Schools	-	39,797	-
Committed - Discover Brighter Futures	-	10	-
Committed - Scholarship	-	3,225	-
Committed - Educational Programs	-	425,000	-
Committed - PERS	-	75,000	-
Committed - Student Activities	-	17,466	-
Assigned - Natural Center	-	26,269	-
Assigned - Student Activities	-	4,371	-
Assigned - Ruby Edwards Fund	-	1,943	-
Unassigned	229,217	(40,662)	(102,409)
	\$ 229,217	\$ 620,182	\$ (102,409)
Total Fund Balance, June 30, 2017			

The following is the breakdown of the various categories of restricted and unrestricted ending Net Position:

	Governmental Activities
Net Position, June 30, 2017	
Restricted - Transportation	\$ 65,774
Restricted - Education Grants	1,989
Restricted - Energy Efficient Schools	39,797
Unrestricted	639,430
	\$ 746,990
Total Net Position, June 30, 2017	

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 7 - Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

Plan Benefits

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 238 and 238A.

Tier One/Tier Two Retirement Benefit (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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 of 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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. 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:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- 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 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.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 7 – Pension Plan (continued)

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro Decision (Everice Moro et al v. State of Oregon et al)*, the cap on the COLA was restored to 2.0 percent for fiscal year 2016 and beyond.

OPSRP Pension Program (Chapter 238A)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

Pension Benefits - 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 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. The COLA for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro Decision (Everice Moro et al v. State of Oregon et al)*, the cap on the COLA was restored to 2.0 percent for fiscal year 2016 and beyond.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July, 2013. Employer contribution rates during the period July 1, 2016 through December 31, 2016 were based on the December 31, 2014 actuarial valuation, which became effective July 1, 2016. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$228,336, excluding amounts to fund employer specific liabilities.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 70 of the June 30, 2016 PERS CAFR.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 7 – Pension Plan (continued)

Actuarial Valuation

The employer contribution rates effective July 1, 2014, through June 30, 2016, and July 1, 2016, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tire 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 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.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial assumptions:	
Inflation rate	2.50 percent (reduced from 2.75%)
Long-term expected rate of return	7.50 percent (reduced from 7.75%)
Discount rate	7.50 percent (reduced from 7.75%)
Projected salary increases	3.50 percent (reduced from 3.75%)
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 7 – Pension Plan (continued)

Pension Liabilities/Assets and Pension Expense

At June 30, 2016, the District has a liability of \$2,825,714 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was approximately 0.01882263 percent. Under the cash basis of accounting, the pension liability is reported as an expense in the period paid. Accordingly, the liability is not included in the Statement of Net Pension.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

Defined Contribution Plan - Individual Account Program (IAP):

Pension Benefits. Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. 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.

Contributions. During 2017, the District, as an employee benefit, paid the employees portion of the contribution. For 2017, the District paid \$70,524 for this contribution.

Note 8 - Other Post Employment Benefits

Plan Description - The District offered an early retirement benefit for licensed employees and administrative personnel who had obtained the age of 55 but had not obtained the age of 62 and had 10 years of experience. An employee electing the early retirement benefit is provided with medical - dental - hospital insurance until age 65 or eligible for Medicare, whichever occurs first. This plan sunsetted June 30, 2001.

JACKSON COUNTY SCHOOL DISTRICT NO. 91
Notes to the Basic Financial Statements
June 30, 2017

Note 8 - Other Post Employment Benefits (continued)

Funding Policy - The District pays, on behalf of the retiree, the premium amount paid at the time of retirement. The retiree is responsible for payment of any premium increases above that paid by the District at the time of retirement. The monthly cost of these benefits is charged to expenditures as retirement benefits when the employee retires. Benefit expenditures of \$17,877 were recognized during the year ended June 30, 2017. There are currently three employees receiving early retirement benefits.

In July 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". This statement requires governments to report a net other postemployment obligation liability for explicit and implicit benefits to retirees for benefits such as health insurance and life insurance. An actuarial valuation of the benefits to be provided to retirees is required to determine the amount of this liability. The District is subject to the requirements of GASB 45 effective for the year ended June 30, 2017. The District has determined that the cost of the actuarial valuation is greater than any benefit derived from implementing the requirements of GASB 45 and therefore has not reported a liability for net other postemployment benefits in the notes to the financial statements.

Note 9 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 10 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Jackson County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2017.

Note 12 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2017 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements.

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES				
Local sources:				
Property taxes	\$ 392,000	\$ 392,000	\$ 408,830	\$ 16,830
Charges for services	5,000	5,000	3,881	(1,119)
Donations	-	-	1,198	1,198
Interest on investments	5,000	5,000	8,938	3,938
Miscellaneous	20,000	20,000	66,558	46,558
State sources:				
Basic school support	1,766,522	1,966,522	2,184,561	218,039
Common school fund	14,078	14,078	19,757	5,679
Intergovernmental	-	-	828	828
Federal sources:				
Intergovernmental	1,500	1,500	778	(722)
TOTAL REVENUES	2,204,100	2,404,100	2,695,329	291,229
EXPENDITURES				
Current:				
Instruction	1,337,096	1,412,096	1,375,366	36,730
Support services	955,144	1,080,144	1,065,987	14,157
Contingency	27,860	27,860	-	27,860
TOTAL EXPENDITURES	2,320,100	2,520,100	2,441,353	78,747
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(116,000)	(116,000)	253,976	369,976
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	-	(150,000)
Transfers out	(34,000)	(34,000)	(34,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	116,000	116,000	(34,000)	(150,000)
NET CHANGE IN FUND BALANCE	-	-	219,976	219,976
FUND BALANCE, July 1, 2016	-	-	9,241	9,241
FUND BALANCE, June 30, 2017	\$ -	\$ -	\$ 229,217	\$ 229,217

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
REVENUES				
Local sources:				
Charges for services	\$ 45,750	\$ 45,750	\$ 24,657	\$ (21,093)
Donations	12,500	30,000	26,911	(3,089)
Interest on investments	-	-	5	5
Miscellaneous	5,250	5,250	6,137	887
Intermediate sources:				
Miscellaneous	-	-	1,364	1,364
State sources:				
Basic school support	10,000	10,000	12,323	2,323
Intergovernmental	650	650	34,541	33,891
Federal sources:				
Intergovernmental	227,096	227,096	245,272	18,176
TOTAL REVENUES	301,246	318,746	351,210	32,464
EXPENDITURES				
Current:				
Instruction	213,533	218,533	165,384	53,149
Support services	207,100	219,600	75,797	143,803
Enterprise and community services	102,438	102,438	130,596	(28,158)
Contingency	285,000	285,000	-	285,000
TOTAL EXPENDITURES	808,071	825,571	371,777	453,794
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(506,825)	(506,825)	(20,567)	486,258
OTHER FINANCING SOURCES (USES):				
Transfers in	34,000	34,000	34,000	-
Transfers out	(150,000)	(150,000)	-	150,000
TOTAL OTHER FINANCING SOURCES (USES)	(116,000)	(116,000)	34,000	150,000
NET CHANGE IN FUND BALANCE	(622,825)	(622,825)	13,433	636,258
FUND BALANCE, July 1, 2016	622,825	622,825	606,749	(16,076)
FUND BALANCE, June 30, 2017	\$ -	\$ -	\$ 620,182	\$ 620,182

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2017**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
State sources				
Intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ 24,205	\$ 1,475,795
TOTAL REVENUES	<u>1,500,000</u>	<u>1,500,000</u>	<u>24,205</u>	<u>1,475,795</u>
EXPENDITURES				
Facilities acquisition and construction	<u>1,500,000</u>	<u>1,500,000</u>	<u>126,614</u>	<u>1,373,386</u>
TOTAL EXPENDITURES	<u>1,500,000</u>	<u>1,500,000</u>	<u>126,614</u>	<u>1,373,386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(102,409)</u>	<u>102,409</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(102,409)</u>	<u>102,409</u>
FUND BALANCE, July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (102,409)</u>	<u>\$ 102,409</u>

**2017 - 18 DISTRICT BUDGET REVENUE SUMMARY
BUTTE FALLS SCHOOL DISTRICT #91**

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$408,830						
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$8,938	\$5					
1600 Food Service		\$2,438					
1700 Extracurricular Activities		\$15,689					
1800 Community Services Activities							
1910 Rentals	\$3,881	\$6,530					
1920 Contributions and Donations From Private Sources	\$1,198	\$26,911					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds							
1980 Fees Charged to Grants							
1990 Miscellaneous	\$66,558	\$6,137					
Total Revenue from Local Sources	\$489,405	\$57,710	\$0	\$0	\$0	\$0	\$0
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds							
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue		\$1,364					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$0	\$1,364	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$2,184,561						
3102 State School Fund - School Lunch Match		\$612					
3103 Common School Fund	\$19,757						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment		\$12,323					
3299 Other Restricted Grants-in-Aid	\$828	\$33,929		\$24,205			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$2,205,146	\$46,864	\$0	\$24,205	\$0	\$0	\$0
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government		\$79,936					
4500 Restricted Revenue From the Federal Government Through the State		\$150,356					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		\$9,566					
4801 Federal Forest Fees	\$778						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$5,414					
Total Revenue from Federal Sources	\$778	\$245,272	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers		\$34,000					
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$9,241	\$606,749					
Total Revenue from Other Sources	\$9,241	\$640,749	\$0	\$0	\$0	\$0	\$0
Grand Totals	\$2,704,570	\$991,959	\$0	\$24,205	\$0	\$0	\$0

**2017 - 18 DISTRICT BUDGET EXPENDITURE SUMMARY
BUTTE FALLS SCHOOL DISTRICT #91**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$486,726	\$287,832	\$162,093	\$19,713	\$17,088			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$17,427	\$9,090	\$3,923	\$1,917	\$2,162		\$335	
1131 High School Programs	\$491,685	\$281,633	\$149,851	\$31,100	\$28,441		\$660	
1132 High School Extracurricular	\$66,053	\$37,587	\$10,246	\$12,491	\$2,776		\$2,953	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$670	\$620	\$50					
1250 Less Restrictive Programs for Students with Disabilities	\$261,352	\$111,327	\$92,913	\$56,521	\$591			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$2,537	\$1,500	\$537		\$500			
1272 Title I	\$0							
1280 Alternative Education	\$48,916	\$30,860	\$10,029	\$6,861	\$1,166			
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	\$1,375,366	\$760,449	\$429,642	\$128,603	\$52,724	\$0	\$3,948	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$35,149	\$26,310	\$8,839					
2130 Health Services	\$191				\$191			
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	\$498				\$498			
2230 Assessment & Testing	\$1,025				\$1,025			
2240 Instructional Staff Development	\$8,401	\$1,570	\$2,626	\$4,205				
2310 Board of Education Services	\$70,372			\$27,294	\$363		\$42,715	
2320 Executive Administration Services	\$89,016	\$76,819	\$8,829	\$993	\$1,330		\$1,045	
2410 Office of the Principal Services	\$253,095	\$137,328	\$92,658	\$15,772	\$5,917		\$1,420	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$103,350	\$14,700	\$10,533	\$70,452	\$6,340		\$1,325	
2540 Operation and Maintenance of Plant Services	\$246,501	\$79,788	\$47,650	\$103,138	\$15,768		\$157	
2550 Student Transportation Services	\$160,132	\$75,615	\$27,256	\$32,852	\$20,368		\$4,041	
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$2,151			\$1,748			\$403	
2660 Technology Services	\$80,624	\$27,990	\$24,528	\$10,575	\$17,456		\$75	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$15,482		\$15,482					
Total Support Services Expenditures	\$1,065,987	\$440,120	\$238,401	\$267,029	\$69,256	\$0	\$51,181	\$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	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$34,000							\$34,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$34,000	\$0	\$0	\$0	\$0	\$0	\$0	\$34,000
Grand Total	\$2,475,353	\$1,200,569	\$668,043	\$395,632	\$121,980	\$0	\$55,129	\$34,000

**2017 - 18 DISTRICT BUDGET EXPENDITURE SUMMARY
BUTTE FALLS SCHOOL DISTRICT #91**

Fund: 200 Special Revenue Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$14,831	\$3,858	\$1,936	\$2,089	\$6,948			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$500				\$500			
1131 High School Programs	\$44,843	\$5,325	\$8,732	\$8,933	\$21,853			
1132 High School Extracurricular	\$17,575			\$2,571	\$14,244		\$760	
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	\$23,090	\$14,613	\$8,477					
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$64,545	\$34,054	\$29,488	\$610	\$393			
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	\$165,384	\$57,850	\$48,633	\$14,203	\$43,938	\$0	\$760	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$12,270			\$12,270				
2240 Instructional Staff Development	\$26,362	\$8,744	\$3,923	\$13,695				
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	\$5,260			\$4,969	\$291			
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$31,905			\$31,905				
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	\$75,797	\$8,744	\$3,923	\$62,839	\$291	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$128,896	\$39,323	\$35,239	\$4,173	\$49,996		\$165	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$1,700			\$1,700				
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$130,596	\$39,323	\$35,239	\$5,873	\$49,996	\$0	\$165	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$371,777	\$105,917	\$87,795	\$82,915	\$94,225	\$0	\$925	\$0

**2017 - 18 DISTRICT BUDGET EXPENDITURE SUMMARY
BUTTE FALLS SCHOOL DISTRICT #91**

Fund: 400 Capital Projects Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$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 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$126,614					\$126,614		
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$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	\$126,614	\$0	\$0	\$0	\$0	\$126,614	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$126,614	\$0	\$0	\$0	\$0	\$126,614	\$0	\$0

SUPPLEMENTAL INFORMATION, 2016-2017

School District Business Managers and Auditors:

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

Part 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	\$ 72,232
Function 2550	\$ 615

B. Replacement of Equipment – **General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$ 0

Jackson County School District No. 91
Supplementary Schedule of Federal Award Receipts and Disbursements - Cash Basis
Year Ended June 30, 2017

Federal Grantor Pass-Through Grantor	Program Title	Grant Period	CFDA Number	Grant Amount	2016-17 Receipts	2016-17 Expenditures
<u>U.S. Department of Education:</u>						
Direct						
	Title VI (REAP) Direct Program	2016-2017	84.358A	\$ 15,079	\$ 15,079	\$ 13,110
	Title VI (REAP) Direct Program	2015-2016	84.358A	12,906	1,969	1,969
		Total		<u>27,985</u>	<u>17,048</u>	<u>15,079</u>
	Charter Schools Program	2015-2016	84.282B	71,548	62,888	71,548
		Total		<u>71,548</u>	<u>62,888</u>	<u>71,548</u>
Passed through Oregon Department of Education:						
	Title I A/D	2016-2017	84.010	57,388	51,745	52,013
	Title I A/D	2015-2016	84.010	63,733	10,682	10,682
		Total		<u>121,121</u>	<u>62,427</u>	<u>62,695</u>
	Title IIA Teacher Quality	2016-2017	84.367	8,477	4,198	4,873
		2015-2016	84.367	8,464	4,350	2,890
		Total		<u>16,941</u>	<u>8,548</u>	<u>7,763</u>
	IDEA SPR & I	2016-2017	84.027	1,169	-	1,169
	IDEA Enhancement	2016-2017	84.027	1,591	-	211
		Total		<u>2,760</u>	<u>-</u>	<u>1,380</u>
Passed through Southern Oregon Education Service District:						
	IDEA Part B, Section 611	2016-2017	84.027	40,448	-	12,196
	IDEA Part B, Section 611	2015-2016	84.027	9,575	9,566	9,575
		Total		<u>50,023</u>	<u>9,566</u>	<u>21,771</u>
	IDEA Part B, Section 619	2016-2017	84.173	485	-	485
		Total		<u>485</u>	<u>-</u>	<u>485</u>
Total U.S. Department of Education				<u>290,863</u>	<u>160,477</u>	<u>180,721</u>
<u>U.S. Department of Agriculture:</u>						
Passed through Oregon Department of Education:						
	Summer Program	2016-2017	10.559	4,057	5,210	4,057
	Snack Program	2016-2017	10.555	3,068	2,860	3,068
	National School Lunch	2016-2017	10.555	47,724	44,860	47,724
	National School Breakfast	2016-2017	10.553	27,831	25,996	27,831
	Child Nutrition Program	2016-2017	10.560	455	455	455
	Commodities	2016-2017	10.559	37	37	37
	Commodities	2016-2017	10.555	5,377	5,377	5,377
		Total		<u>88,549</u>	<u>84,795</u>	<u>88,549</u>
Passed through Southern Oregon Education Service District:						
	Federal Forest Fees	2016-2017	10.665	778	778	778
Total U.S. Department of Agriculture				<u>89,327</u>	<u>85,573</u>	<u>89,327</u>
Total Federal Financial Assistance				<u>\$ 380,190</u>	<u>\$ 246,050</u>	<u>\$ 270,048</u>

Note A:

The accompanying supplementary schedule of expenditures of federal awards is a summary of the activity of the District's federal award programs presented on the cash basis of accounting.

Note B:

Nonmonetary assistance is reported at the fair market value of commodities received and disbursed (CFDA #10.555 & 10.559)

Note C:

The District is not required to have a Single Audit under OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, or the Uniform Guidance. Therefore, this schedule is provided to meet the reporting reconciliation process of Oregon Department of Education.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors
Jackson County School District No. 91
Butte Falls, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of Jackson County School District No. 91, as of and for the year ended June 30, 2017, and have issued our report thereon dated November 21, 2017.

Compliance

As part of obtaining reasonable assurance about whether the Jackson County School District No. 91'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 the 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 but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Investments of surplus funds authorized under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State school fund factors and calculation.

In connection with our audit, nothing came to our attention that caused us to believe the Jackson County School District No. 91 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 Administration Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as discussed in note 1.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. According, we do not express an opinion on the effectiveness of the District's internal control.

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors and management of Jackson County School District No. 91 and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.

Stewart C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
November 21, 2017

**JACKSON COUNTY SCHOOL DISTRICT NO. 91
SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED JUNE 30, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Jackson County School District No. 91 on a cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None