

LAKE COUNTY SCHOOL DISTRICT NO. 11

**INDEPENDENT AUDITOR'S REPORT,
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2016

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
June 30, 2016

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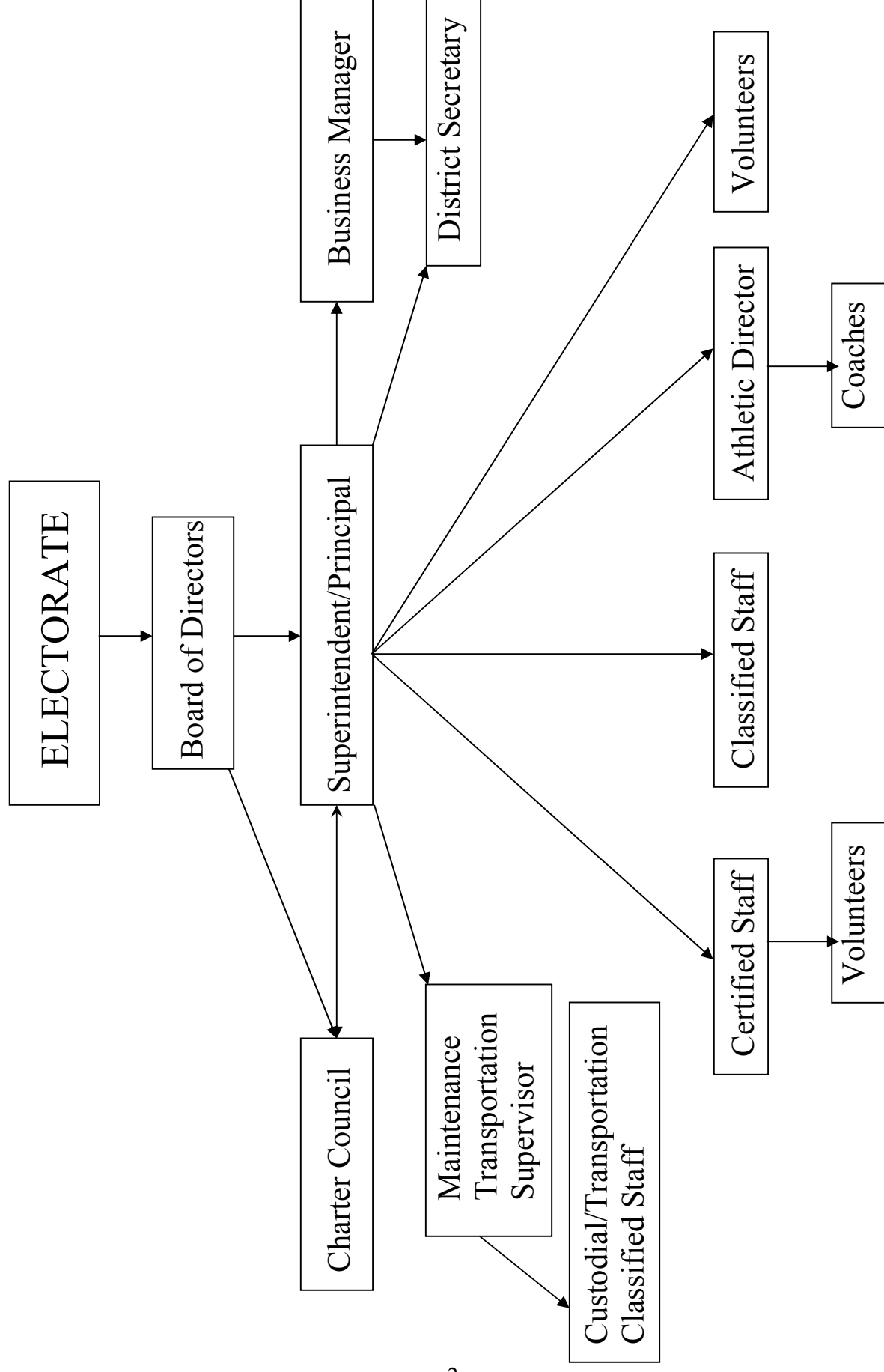
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INTRODUCTORY SECTION

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2016

<u>Name</u>	<u>Address</u>	<u>Position</u>
<u>BOARD OF DIRECTORS</u>		
Ross Colahan	Paisley, Oregon	Chairperson
Glen Newton	Paisley, Oregon	Vice-Chairperson
Angela Sanders	Paisley, Oregon	Director
Dale Chiono	Summer Lake, Oregon	Director
Bob Story	Paisley, Oregon	Director
<u>OFFICIALS</u>		
William Wurtz		Superintendent/Principal
Mollie O'Leary		Business Manager

Lake County School District No. 11
Organizational Chart



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lake County School District No. 11
Paisley, Lake County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lake County School District No.11, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lake County School District No.11's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Lake County School District No.11, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 and the Schedule of Proportionate Share of Net Pension Liability on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information for the General Fund on pages 38 through 39 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake County School District No.11's basic financial statements as a whole. The combining and individual nonmajor fund financial statements, other supplementary information, other financial schedules and the schedule of expenditures of federal awards, and the introductory section are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, other financial schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2016 on our consideration of Lake County School District No.11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, or grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake County School District No.11's internal control over financial reporting and compliance.

In accordance with Oregon State Regulations, we have also issued our report dated November 30, 2016, on our considerations of Lake County School District No.11's internal control over financial reporting and on our tests of its compliance with Oregon Minimum Standards. The purpose of that report is to describe the scope of our testing of

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Oregon Minimum Standards in considering Lake County School District No.11's internal control over financial reporting and compliance.

Oster Professional Group, CPA's, LLP

By 

Burns, Oregon
November 30, 2016

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

The Superintendent and Business Manager of the Lake County School District No. 11 (Paisley School District) have provided this Management's Discussion and Analysis to give the reader of these statements an overview of the financial position and activities of the school district for the fiscal year ended June 30, 2016.

2015-2016 FISCAL YEAR FINANCIAL HIGHLIGHTS

General Fund revenues in fiscal year 2015-2016 were \$2,422,141, compared to \$2,263,531 for the 2014-2015 fiscal year. General Fund expenditures in fiscal year 2015-2016 were \$2,047,608, compared to \$1,929,060 in fiscal year 2014-2015.

The District's increase in expenditures in 2015-2016 is partly due to costs associated with a 2% increase in salaries and health insurance costs.

District cash increased by \$185,712 to \$2,135,217.

Government-wide assets equaled \$3,362,638, which consisted of \$1,175,759 of net capital assets at fiscal year ended June 30, 2016.

Government-wide liabilities were \$873,824, which consisted of \$747,005 of net pension liability at fiscal year ended June 30, 2016.

Overall, the government-wide net position decreased during the fiscal year June 30, 2016 by \$401,264.

USING THIS ANNUAL REPORT

Statement No. 34 of the Governmental Accounting Standards Board (GASB) requires the general format of this report. Components and purposes of the report are explained below.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The report includes two district-wide statements that focus on operations of the district as a whole. These statements measure inputs and outflows using an economic resource measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

- A. The Statement of Net Position shows the assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the net position (the resources that would remain if all obligations were settled) of the school district. The statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.
- B. The Statement of Activities shows the amounts of program-specific and general school district revenues used to support the school district's various functions.

OVERVIEW OF THE DISTRICT

Paisley School District is a K-12 district located between milepost 60 and 113 on Highway 31 in south central Oregon serving the communities of Paisley and Summer Lake. The total population is approximately 300, with a current total student population of 81 at the brick and mortar. An additional 143 students located in the Willamette Valley are enrolled in the District's Distance Learning Program and contribute the District's overall learning population.

The main economic activities within the district are ranching and range and forestry management. Timber played a major role in the local economy, but has diminished significantly in recent years. The major employers within the District's borders are the Forest Service, two corporate ranches and the school district.

It is our goal to ensure each student receives the best education possible within the context of our small, isolated, rural district. Likewise, it is understood that the district is essential to the social and economic health of the communities of Paisley and Summer Lake. Paisley School District became the first single-school school district to open a charter school in the state of Oregon 2003. On May 12, 2003, the Paisley School District board of Directors approved the Resolution adopting the District's Charter. Since its inception, the Charter has been renewed four times, with the most recent renewal extending from the period of January 14, 2016 through June 30, 2025. This renewal includes up-to-date language pertaining to the Paisley Distance Learning Program along with revised language pertaining to current special education and transportation policies. The new charter includes the District's current mission statement and student goals.

The charter component of the District allows the school to utilize registered teaching staff to enhance curriculum in the areas of the arts, business and vocational education.

The 2015-2016 staff included:

- 7.75 (FTE) Certified Teachers (Including 3.75 for Paisley Distance Learning Program)
- 2.3 (FTE) Registered Teachers
- .2 Vocational Instruction Assistants (Drama and Welding)
- 2 (FTE) Educational Assistants
- 2 (FTE) Office Aides (1 Brick and Mortar, 1 Distance Learning Program)
- 1 Superintendent/Principal
- 1 Distance Learning Program Principal
- .25 (FTE) Special Education Director—Distance Learning Program
- 1 Business Manager
- 1 District Secretary
- 1.3 Bus Drivers
- 1.3 Custodians
- 1 Head of Maintenance/Transportation
- 1.3 Boarding Facility Supervisors
- 11 Coaching Positions
- 1 Athletic Director on Extra Duty Contract

This operating plan enables the district to meet and exceed the current state graduation requirements. While our curricular choices are limited compared to larger districts, our students have the opportunity for additional coursework through distance learning and a variety of computer-assisted formats.

Our school district, along with other school districts nationwide, are now expected to meet the requirements of ESSA (Every Student Succeeds Act). ESSA replaces No Child Left Behind. Further, Paisley School District received accreditation through Northwest Accreditation Commission. The District is up for an accreditation review in 2017-18. For the school year 2015-2016, Paisley School District received an Oregon School Report Card rating of “4” (on a scale of 1 to 5) in three of four Performance Indicators. Paisley School District did not receive an overall rating because of the state’s new testing system. Our students performed above the state target areas in both Math and English Language Arts. Paisley students consistently meet or exceed the state standards on the statewide assessment tests each year. A large percentage of our graduates attend some form of post-secondary education or training. Our graduates qualify for prestigious national and statewide scholarships and study programs every year.

Graduates of Paisley School District have the opportunity to qualify for any one of three county level scholarships. These include the Daly Fund Scholarship or the Ousley Trust which provide approximately \$9,000 a year for up to four years and may be applied to any of Oregon’s four year colleges, and the Collins McDonald Fund Scholarship, which provides approximately \$9,000 per year for four years of schooling at any post-secondary training worldwide. Additionally, the Anna Jones Fund Scholarship provides funds for those students who graduated after completing all of their high school education at Paisley and is based on financial need. This scholarship may be applied for four years of schooling at any of Oregon’s public post-secondary institutions. Our students may also apply for two other county-wide scholarships which provide funds for Lake County students seeking graduate degrees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure 1 below provides a summary of the district’s net position at June 30, 2016 compared to June 30, 2015.

Figure 1 - Condensed Statement of Net Position

ASSETS	Governmental Activities		
	June 30, 2015	June 30, 2016	Total Change
Cash and investments	\$ 1,949,505	\$ 2,135,217	\$ 185,712
Taxes receivable	40,471	40,859	388
Accounts receivable	25,604	10,803	(14,801)
Net pension asset	293,681	-	(293,681)
Capital assets, land	12,030	12,030	-
Capital assets, net of accumulated depreciation	1,137,206	1,163,729	26,523
Total assets	3,458,497	3,362,638	(95,859)
DEFERRED OUTFLOWS OF RESOURCES	197,863	184,570	(13,293)
LIABILITIES			
Current liabilities	93,404	66,532	(26,872)
Long-term liabilities	60,424	60,287	(137)
Net pension liability	-	747,005	747,005
Total liabilities	153,828	873,824	719,996
DEFERRED INFLOWS OF RESOURCES	566,686	156,589	(410,097)
NET POSITION			
Net investment in capital assets	1,041,725	1,091,963	50,238
Restricted	5,182	2,082	(3,100)
Unrestricted	1,888,939	1,422,750	(466,189)
Total net position	\$ 2,935,846	\$ 2,516,795	\$ (419,051)

Figure 2 - Condensed Statement of Activities

	Governmental Activities		
	June 30, 2015	June 30, 2016	Total Change
REVENUES			
Program revenues			
Operating grants	\$ 60,750	\$ 48,060	\$ (12,690)
Charges for services	17,681	5,595	(12,086)
General revenues:			
Property tax	351,324	358,783	7,459
State sources	1,757,349	1,907,824	150,475
Common school fund	30,689	18,005	(12,684)
Federal awards	97,883	93,490	(4,393)
Unrestricted investment earnings	10,983	14,742	3,759
Other local sources	34,211	84,403	50,192
Total revenues	<u>2,360,870</u>	<u>2,530,902</u>	<u>170,032</u>
PROGRAM EXPENSES			
Governmental Activities			
Regular programs	448,844	918,420	469,576
Special programs	506,488	975,286	468,798
Students	13,620	30,520	16,900
Instructional staff	11,061	42,895	31,834
General administration	124,921	144,357	19,436
Business services	436,893	619,830	182,937
Central activities	31,819	39,156	7,337
Food services	82,627	159,237	76,610
Debt service-interest	3,438	1,875	(1,563)
Total expenses	<u>1,659,711</u>	<u>2,931,576</u>	<u>1,271,865</u>
Gain (loss) on sale of capital assets	-	(590)	(590)
Changes in net position	701,159	(401,264)	(1,102,423)
Beginning net position, as restated	<u>2,234,687</u>	<u>2,918,059</u>	<u>683,372</u>
Ending net position	<u>\$ 2,935,846</u>	<u>\$ 2,516,795</u>	<u>\$ (419,051)</u>

Property tax and unrestricted state grants account for 90% of the total revenue. The district's expenditures primary relate to instruction and support services.

The administrative staff, budget committee, and Board of Directors continued to hold a conservative budgeting philosophy. Past instability in the State School Fund and the increasing unreliability of state revenue projections over the last several years has reinforced the validity of this philosophy. This conservative philosophy extends to enrollment projections, anticipated revenues, and legislative budget projections. While the district makes every effort to make accurate projections in each of these three components of the operating budget, unforeseen events can occur that impact the final financial statement both positively and negatively.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant of the district's funds.

Major funds are defined as the General Fund and other funds where the assets, liabilities, revenues, or expenditures exceed 10% of total government fund amounts. The General Fund was the only major fund in the current year.

The governmental funds provide a short-term view of the district's operations. They are reported using an accounting method called modified accrual accounting which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the District had invested \$1,175,759 net of accumulated depreciation in a broad range of capital assets. These assets include land, buildings, equipment and vehicles. At June 30, 2015, the District had invested \$1,149,236, net of accumulated depreciation, in capital assets. The difference is due to yearly depreciation and the purchase of new assets, including a pickup and van.

Long Term Debt

As of June 30, 2016, the district had long term liabilities of \$83,796 compared to \$107,511 at June 30, 2015. \$23,509 is due within one year. Principal payments of \$48,837 were made in the current year. The bond was paid off during the year and the district entered into a capital lease for a van.

ENROLLMENT

In April of 2012 the District received approval from the Oregon Department of Education to increase the enrollment cap in its Distance Learning Program from 70 to 140 students. The Distance Learning Program has been a factor in adding to financial the stability of the District.

In October of 2015, the District had a combined enrollment of 217 students (77 Brick and Mortar K-12, 140 Distance Learning Program K-8).

GRANTS

Private Donation

For the fifth year in a row, the District received an unanticipated donation from one local, private donor. This year's donation was \$2,500. This donor did not designate a specific purpose for the funds and the administration again chose to put the money in the student body activity fund to be distributed to the K-12 classes for district approved field trips.

Rural Education Achievement Program (REAP)

The District utilized \$29,000 of the federal Rural Education Achievement Program dollars to fund the vocational drama and welding/wood technology programs. The high school drama program was offered one period per day all year long and the high school welding and wood technology programs were offered

one semester each. The annual REAP award has been between \$25,000 and \$30,000 historically. The grant dollars must be spent by the December following the grant award year.

IDEA

Approximately \$15,000 in Federal special education grant dollars were utilized last year to fund one-half of a speech language services program and special education travel expenses for the Distance Learning Program. The other half of these costs were expensed through the General Fund as maintenance of effort. The Lake County Education Services District provides personnel for speech language, autism, and psychological services support through its memorandum of understanding with Paisley School District.

ANALYSIS OF VARIATIONS BETWEEN BUDGET AND ACTUAL

In total, the General Fund received \$185,946 more in revenues than the amount budgeted. This can be attributed to conservative projections of student enrollment for the 2015/2016 year. The General Fund expended \$420,040 less than the amount budgeted. This was largely due to unused contingency and overall conservative spending.

ANALYSIS OF OVERALL FINANCIAL POSITION

Paisley School District's financial position continues to be viable due to the stabilizing effect maintained through student enrollment in the Distance Learning Program, as the student enrollment in the brick and mortar facility may fluctuate by 2 to 10 students in any given year.

Collins-McDonald Hall, the District's high school dormitory, enhances the learning and cultural experiences for both the resident students and the foreign exchange students, alike. The administration has taken the position that maintaining enrollment at or about sixteen students in the student dormitory is a reasonable number from a management standpoint. The Board continues to monitor its policies regarding dormitory fees and student enrollment in the dormitory.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the district's finances and demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the district's Superintendent or Business Manager at PO Box 97, 260 Green Street, Paisley, OR. 97636.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
STATEMENT OF NET POSITION
June 30, 2016

ASSETS

Cash and cash equivalents	\$ 2,135,217
Receivables	
Taxes	40,859
Other accounts receivable	10,803
Capital assets	
Land	12,030
Buildings and improvements	1,444,718
Equipment and furnishings	517,465
Accumulated depreciation	<u>(798,454)</u>
Total assets	<u>3,362,638</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	<u>184,570</u>
Total deferred outflows	<u>184,570</u>

LIABILITIES

Current liabilities	
Accounts payable	2,988
Salaries and benefits payable	40,035
Long term debt payable within one year	23,509
Long term liabilities	
Long term debt payable longer than one year	60,287
Net pension liability	<u>747,005</u>
Total liabilities	<u>873,824</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension	<u>156,589</u>
Total deferred inflows	<u>156,589</u>

NET POSITION

Net investment in capital assets	1,091,963
Restricted for	
Debt service	1,869
Special programs	1,300
Unrestricted	<u>1,421,663</u>
Total net position	<u>\$ 2,516,795</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11

Paisley, Lake County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended

June 30, 2016

	Expenses	Charges for Services	Program Revenues Operating and Other Grants	Net (expense) revenue and changes in net position
Governmental Activities				
Instruction				
Regular programs	\$ 918,420	\$ -	\$ 46,692	\$ (871,728)
Special programs	975,286	-	1,368	(973,918)
Support services				
Students	30,520	-	-	(30,520)
Improvement of instruction	42,895	-	-	(42,895)
General administration	144,357	-	-	(144,357)
Business services	619,830	-	-	(619,830)
Central activities	39,156	-	-	(39,156)
Food services	159,237	5,595	-	(153,642)
Debt service-interest	1,875	-	-	(1,875)
Total governmental activities	<u>\$ 2,931,576</u>	<u>\$ 5,595</u>	<u>\$ 48,060</u>	<u>(2,877,921)</u>
General revenues				
Property taxes for general purposes				330,152
Property taxes for debt purposes				28,631
State school fund-general support				1,907,824
Federal forest related fees				93,490
Common school fund				18,005
Earnings on investments				14,742
Miscellaneous				84,403
Total general revenues				<u>2,477,247</u>
Gain or (loss) on sale of assets				(590)
Change in net position				(401,264)
Net position - July 1, 2015, before restatement				2,935,846
Restatement, see note 11				<u>(17,787)</u>
Net position - July 1, 2015, after restatement				<u>2,918,059</u>
TOTAL NET POSITION - JUNE 30, 2016				<u><u>\$ 2,516,795</u></u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total June 30, 2016</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash	\$ 1,971,935	\$ 163,282	\$ 2,135,217
Receivables			
Interfund	6	-	6
Other	10,803	-	10,803
Property tax	37,280	3,579	40,859
Total assets	<u>2,020,024</u>	<u>166,861</u>	<u>2,186,885</u>
Deferred outflows of resources	-	-	-
Total assets and deferred outflows	<u>\$ 2,020,024</u>	<u>\$ 166,861</u>	<u>\$ 2,186,885</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,940	\$ 48	\$ 2,988
Accrued liabilities	40,035	-	40,035
Interfund payable	-	6	6
Total liabilities	<u>42,975</u>	<u>54</u>	<u>43,029</u>
Deferred inflows of resources			
Unavailable property tax revenues	33,791	3,579	37,370
Total deferred inflows	<u>33,791</u>	<u>3,579</u>	<u>37,370</u>
Fund balances			
Nonspendable	6	-	6
Spendable			
Restricted	-	3,169	3,169
Committed	-	160,065	160,065
Unassigned	1,943,252	(6)	1,943,246
Total fund balances	<u>1,943,258</u>	<u>163,228</u>	<u>2,106,486</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,020,024</u>	<u>\$ 166,861</u>	<u>\$ 2,186,885</u>

LAKE SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,106,486
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets are not financial resources and therefore are not
reported in the governmental funds.

Cost	\$ 1,974,213	
Accumulated depreciation	<u>(798,454)</u>	1,175,759

Net pension liability is not a financial resource and therefore, is not reported in governmental funds.	(747,005)
--	-----------

Current year PERS contributions are deferred outflows of resources that will be recognized expense in the subsequent period.	137,081
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District's proportionate share of difference between employer contributions and proportionate share of contributions that will be amortized over the next five years.	47,489
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District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next five years.	(156,589)
---	-----------

Deferred inflows in the government fund financial statements represents the amount of assets that have been recognized, but not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.	37,370
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Long-term liabilities not payable in the current year are not reported
as governmental fund liabilities.

These liabilities consist of:

Capital lease payable	<u>(83,796)</u>
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TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,516,795</u></u>
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LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended
June 30, 2016

	General	Nonmajor Governmental Funds	Total June 30, 2016
Revenues			
Taxes	\$ 328,654	\$ 28,703	\$ 357,357
Local sources	72,800	31,941	104,741
State sources	1,927,197	-	1,927,197
Federal sources	93,490	46,691	140,181
Total revenues	<u>2,422,141</u>	<u>107,335</u>	<u>2,529,476</u>
Expenditures			
Current			
Instruction			
Regular programs	659,498	34,909	694,407
Special programs	713,323	11,782	725,105
Supporting services			
Students	21,906	-	21,906
Improvement of instruction	37,739	-	37,739
General administration	140,579	-	140,579
Business services	435,407	56,760	492,167
Central activities	39,156	-	39,156
Community services	-	133,996	133,996
Debt service			
Principal	-	48,837	48,837
Interest	-	4,630	4,630
Total expenditures	<u>2,047,608</u>	<u>290,914</u>	<u>2,338,522</u>
Excess of revenues over (under) expenditures	374,533	(183,579)	190,954
Other financing sources (uses)			
Transfers in (out)	(146,069)	146,069	-
Total other financing sources (uses)	<u>(146,069)</u>	<u>146,069</u>	<u>-</u>
Net change in fund balances	228,464	(37,510)	190,954
Available fund balances, July 1, before restatement	1,732,581	200,738	1,933,319
Restatement, see note 11	(17,787)	-	(17,787)
Available fund balances, July 1, after restatement	<u>1,714,794</u>	<u>200,738</u>	<u>1,915,532</u>
Available fund balances, June 30	<u>\$ 1,943,258</u>	<u>\$ 163,228</u>	<u>\$ 2,106,486</u>

LAKE SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended
June 30, 2016

NET CHANGE IN FUND BALANCES	\$	190,954
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and the loss on sale of assets exceeded depreciation in the current period.

Expenditures for capital assets	\$ 74,429	
Sold capital assets	(590)	
Less current year depreciation	<u>(47,316)</u>	26,523

Changes in net pension liability, the related changes in the deferred outflows and deferred inflows of resources are not recognized as expenses in the governmental funds.		(643,882)
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Certain delinquent property tax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds. The change in deferred revenue is not reflected in the governmental funds, but is in the Statement of Activities as a change in revenues.		1,426
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Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increase liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceeded proceeds.

Debt issued	(25,122)	
Debt principal repaid	<u>48,837</u>	<u>23,715</u>

CHANGE IN NET POSITION	\$	<u><u>(401,264)</u></u>
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FIDUCIARY FUND FINANCIAL STATEMENTS

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

ASSETS		Agency Fund
Cash and pooled investments		<u>\$ 68,282</u>
Total assets		<u>68,282</u>
LIABILITIES		
Due to student groups		<u>\$ 68,282</u>
Total liabilities		<u>68,282</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Note 1. Summary of Significant Accounting Policies

The administration of Lake County School District No. 11 is vested in a five member board of directors, a district superintendent/principal, and a business manager.

The following is a summary of significant accounting policies utilized by the district in the preparation of the accompanying financial statements.

A. Reporting Entity

For financial reporting purposes, Lake County School District No. 11 (Chartered) has included all funds, organizations, agencies, boards, commissions and authorities. The district has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the district are such that exclusion would cause the district's financial statements to be misleading or incomplete. A five member board of directors exercises governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of Lake County School District No. 11 as set by the state of Oregon. The board receives funding from local, state and federal sources. However, Lake County School District No. 11 is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. No other entities met requirements for inclusion in Lake County School District No. 11.

B. Fund Accounting

GOVERNMENTAL FUNDS

General Fund—The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund accounts for the payment of principal and interest on long-term debt.

Capital Project Funds—Capital project funds are generally used to account for financial resources to be used for the acquisitions or construction of major capital facilities.

FIDUCIARY FUNDS

Trust and Agency Funds - Agency funds are used to account for assets held by the district as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the district. These statements include the governmental financial activities of the overall district, except fiduciary activities. 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.

The Statement of Net Position presents the district's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. 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.

Fund Financial Statements

The fund financial statements provide information about the district's funds including those of a fiduciary nature. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The district reports the following major governmental fund:

The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the district reports the following fiduciary funds:

Agency funds are used to account for assets held by the district as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Accordingly, it presents only a

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

statement of fiduciary net position and does not present a statement of changes in fiduciary net position. The student body funds are the only agency funds of the district.

D. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund financial statements (district has agency funds only) have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the district receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. With the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the district funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the district's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. A six month availability period is used for revenue recognition for all reimbursable grants. The district considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

A budget is prepared for each district fund in accordance with the modified cash basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, interagency/fund transactions, contingencies and debt service appropriations by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30.

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Unexpected additional resources may be added to the budget using a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the board of directors.

The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program.

F. Capital Assets

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

Buildings	50 to 100 years
Improvements other than buildings	20 to 50 years
Furniture and equipment	5 to 15 years

G. Property Taxes Receivable

Property taxes assessed in prior years, but not yet collected or accrued, are reported on the balance sheet, but are offset by deferred revenue accounts. The district levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15, and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The district turns all tax collection duties over to Lake County, Oregon.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The district has no provision for accumulated unpaid vacation, sick pay, and other employee benefits. The district's policy is that all vacation must be used by the June 30 fiscal year end or it is lost. A liability for accumulated sick pay does exist; however, it is not readily estimable. Each employee may accumulate sick leave and carry it over to the succeeding year. In a year when sick leave is used, the teacher continues the regular contract salary during the absence to the extent of sick leave earned. The district takes responsibility for hiring substitutes. When a teacher becomes employed by another district, the accumulated sick leave is transferred to that district.

I. Deposits and Investments

Lake County School District No. 11's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts and the Oregon State Treasury Local Government Investment Pool and allocated to each fund based on the amount of excess cash each fund has deposited.

Oregon statutes and local ordinances authorize the district to invest (short-term and long-term) in certificates of deposit (considered investments for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

states of Oregon, Washington, Idaho and California, certain interest bearing bonds of a county, port or school district, certain interest bearing bonds on any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, bankers' acceptances, and certain corporate bonds.

J. Encumbrances

The district does not use encumbrance accounting.

K. Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

L. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period.

M. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

N. Deferred Outflows of Resources

Deferred outflows of resources in the *Statement of Net Position* represent consumption of net position that is applicable to a future reporting period. The district had deferred outflows of resources of \$184,570 as of June 30, 2016.

O. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. In the *Statement of Net Position*, this includes resources that are received before the district has met its eligibility requirements related to time. In the governmental fund financial statements, deferred inflows or resources also include revenues that are measurable but not available. The district has pension related deferred inflows of \$156,589 as of June 30, 2016.

P. Pensions

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

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Q. Fund Balances

GASB Statement No. 54 requires analysis and presentation of fund balances in five categories; the fund balance categories are:

- *Nonspendable*—Includes items not immediately converted to cash, such as prepaid items, interfund receivables 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 directors, by formal board resolution.
- *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.

The board authorized the Superintendent and the Business Manager to make assignments of ending fund balance. Assignments of fund balances can be done at any time, including after fiscal year end date.

GASB 54 requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. The following is the board approved the following fund balance order of spending policy:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

Note 2. Pension Plan

General Information about the Pension Plan

Plan Description

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

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Benefits Provided

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

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

After retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

the following formula for members who attain normal retirement age:

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$137,081, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 22.33 percent for Tier One/Tier Two General Service Member, 17.64 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2016, the district reported a liability of \$747,005 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The district's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the district's proportion was 0.01301072 percent, which was decreased from its proportion of 0.01295626 measured as of June 30, 2014.

For the year ended June 30, 2016, the district's recognized pension expense of \$643,882. At June 30, 2016, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,282	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	156,589
Changes in proportion	935	-
Differences between employer contributions and proportionate share of contributions	9,272	-
Total (prior to post-MD contributions)	47,489	156,589
Contributions subsequent to the MD	137,081	-
Total	<u>\$ 184,570</u>	<u>\$ 156,589</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2017	\$ 215,709	FY2017	\$ 142,268
FY2018	78,628	FY2018	142,268
FY2019	78,628	FY2019	142,268
FY2020	78,008	FY2020	-
FY2021	3,809	FY2021	-
Total	<u>\$ 454,782</u>	Total	<u>\$ 426,804</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

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

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

Assumed Inflation - Mean

2.75%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability (asset)	\$ 1,802,870	\$ 747,005	\$ (142,811)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The district reported payables of legally required contributions to the pension plan in the amount of zero.

Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who

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retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

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

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2015 measurement date.

Note 3. Changes in Capital Assets

The following is a summary of changes in capital assets:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 12,030	\$ -	\$ -	\$ 12,030
Construction in progress	8,705	-	(8,705)	-
Total capital assets not being depreciated	<u>20,735</u>	<u>-</u>	<u>(8,705)</u>	<u>12,030</u>
Capital assets being depreciated				
Buildings and improvements	1,422,958	21,760	-	1,444,718
Equipment and furnishings	478,491	61,374	(22,400)	517,465
Total capital assets being depreciated	<u>1,901,449</u>	<u>83,134</u>	<u>(22,400)</u>	<u>1,962,183</u>
Less accumulated depreciation for				
Buildings and improvements	497,697	20,965	-	518,662
Equipment and furnishings	275,251	26,351	(21,810)	279,792
Total accumulated depreciation	<u>772,948</u>	<u>47,316</u>	<u>(21,810)</u>	<u>798,454</u>
Total capital assets being depreciated, net	<u>1,128,501</u>	<u>35,818</u>	<u>(590)</u>	<u>1,163,729</u>
Governmental activities capital assets, net	<u>\$ 1,149,236</u>	<u>\$ 35,818</u>	<u>\$ (9,295)</u>	<u>\$ 1,175,759</u>

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

Business services \$47,316

Note 4. Accounts Receivable

Receivables are comprised of the following as of June 30, 2016:

Fund	Type	Amount
General fund	Property tax receivable	\$ 37,280
General fund	Grant receivable	10,803
Nonmajor fund	Property tax receivable	3,579
		<u>\$ 51,662</u>

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June 30, 2016

Note 5. Deposits and Investments

Cash and Investments

The district maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments.

Cash and investments are comprised of the following at June 30, 2016:

Deposits with banks	\$ 162,984
Cash on hand	65
Investments	2,040,450
	<u>\$ 2,203,499</u>

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

Statement of Net Position	
Cash and investments	\$ 2,135,217
Statement of Net Position Fiduciary Funds	
Cash and investments	68,282
	<u>\$ 2,203,499</u>

As of June 30, 2016, the district held the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Investment Portfolio</u>
Local Government Investment Pool	\$ 2,040,450	100%

Deposits

The Governmental Accounting Standards Board 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 risk assumed by the district at June 30, 2016. 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 (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295.

At June 30, 2016 the carrying amount of the district's deposits (cash and certificates of deposit) was \$162,984 and the bank balance was \$267,129. Of these deposits, all were covered by federal depository insurance. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295.018 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the Oregon state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. The district deposits were in compliance with requirements of ORS 295.018.

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 policy for custodial credit risk for deposits.

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 their quarter-end public fund

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June 30, 2016

deposits if they are adequately capitalized, or 110% of their 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

At June 30, 2016, the district held \$2,040,450 of investments, which is all classified as cash and investments on the Statement of Net Position. The district has no policy for managing interest rate risk or credit risk.

The district has invested funds in the Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2016. The Local Government Investment Pool was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Local Government Investment Pool is an external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40. The Oregon LGIP is unrated for credit quality.

In addition, the Oregon LGIP distributes investment income on an amortized cost basis and participant's 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.

Investments in the Oregon 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 or ORS 295.018. Investments are stated as cost, which approximated fair value.

A separate financial report for the Oregon Short-term Fund Local Government Investment Pool is prepared by the Secretary of State Audits Division in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Oregon Audits Division 255 Capitol Street NE, Suite 500 Salem, OR 97310 or online at <http://www.sos.state.or.us/audits/index.html>.

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 Oregon Local Government Investment Pool. As of June 30, 2016 and for the year then ended, the district was in compliance with the aforementioned Oregon statutes.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the district to invest primarily in general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the Oregon Local Government Investment Pool, among others. The district has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk—Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. 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

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June 30, 2016

total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the United States 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.

Foreign Currency Risk—The district is prohibited from investments that are not US dollar-denominated; therefore, the district is not exposed to this risk.

Note 6. Long-Term Liabilities

The following are the long-term liabilities of the district as of June 30, 2016:

	Beginning Balance June 30, 2015	Increases	Decreases	Ending Balance June 30, 2016	Portion Due Within One Year
General Obligation Bond	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
General Electric Capital Lease	77,511	-	17,087	60,424	17,774
Ford Motor Credit Capital Lease	-	25,122	1,750	23,372	5,735
	<u>\$ 107,511</u>	<u>\$ 25,122</u>	<u>\$ 48,837</u>	<u>\$ 83,796</u>	<u>\$ 23,509</u>

General Obligation Bonds

The district issued general obligation bonds in the amount of \$350,000, dated July 1, 1996. The bonds bear interest at rates from 4.10% in 1997 to 6.25% in 2009 and forward, payments are due on December 1 and June 1, annually. The bonds are not subject to optional redemption prior to maturity. Bond proceeds were used to finance the construction of a new student dormitory and an addition to the elementary classroom annex, and to pay all bond issuance costs. The bond was paid in full during fiscal year ended June 30, 2016.

General Electric Capital Lease

The district entered into a capital lease with General Electric Capital Corporation in the amount of \$89,891 on September 8, 2014 to lease a school bus. The capital lease interest rate is 3.95% per annum. The term is 60 months and payments are made from the Transportation Fund.

Year Ended June 30	Principal	Interest	Total
2017	\$ 17,774	\$ 2,067	\$ 19,841
2018	18,489	1,352	19,841
2019	19,233	609	19,842
2020	4,928	33	4,961
Total	<u>\$ 60,424</u>	<u>\$ 4,061</u>	<u>\$ 64,485</u>

Ford Motor Credit Capital Lease

The district entered into a capital lease with Ford Motor Credit in the amount of \$25,122 on April 19, 2016 to lease a van. The capital lease interest rate is 5.95% per annum. The first payment was due April 19, 2016 with

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June 30, 2016

subsequent payments due on the 19th every third month, totaling 16 payments. Payments are made out of the Transportation Fund.

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 5,735	\$ 1,264	\$ 6,999
2018	6,084	915	6,999
2019	6,455	545	7,000
2020	5,098	153	5,251
Total	<u>\$ 23,372</u>	<u>\$ 2,877</u>	<u>\$ 26,249</u>

Note 7. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor fund	\$ 10,000	For future expenses related to transportation
General Fund	Nonmajor fund	35,000	For future expenses related to capital improvements
General Fund	Nonmajor fund	90,069	For future expenses related to operation of the dormitory
General Fund	Nonmajor fund	11,000	For future expenses related to food services
	Total transfers	<u>\$ 146,069</u>	

Note 8. Fund Balances

Below is a schedule of ending fund balances, based on GASB Statement No. 54 requirements:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Nonspendable</u>			
Interfund receivable	\$ 6	\$ -	\$ 6
<u>Committed</u>			
Boarding services	-	6,192	6,192
Teacherage	-	21,116	21,116
Transportation	-	65,690	65,690
Capital improvement	-	67,067	67,067
	<u>-</u>	<u>160,065</u>	<u>160,065</u>
<u>Restricted</u>			
Charter school	-	213	213
Food services	-	1,087	1,087
Debt service	-	1,869	1,869
	<u>-</u>	<u>3,169</u>	<u>3,169</u>
<u>Unassigned</u>	<u>1,943,252</u>	<u>(6)</u>	<u>1,943,246</u>
TOTAL FUND BALANCES	<u>\$ 1,943,258</u>	<u>\$ 163,228</u>	<u>\$ 2,106,486</u>

The commitments, outline in the table above, were approved by the board of directors on June 13, 2016. Commitments of fund balances must be made prior to the end of the fiscal year.

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June 30, 2016

Note 9. Risk Management

Lake County School District No. 11 is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The district assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Deficit Fund Balance

At June 30, 2016, the district reported one fund with a deficit fund balance on a modified accrual basis. The IDEA Fund had a negative fund balance of \$6. This will be eliminated with a request for reimbursement.

Note 11. Restatement

Accounts receivable was overstated in the prior year by \$17,787, therefore, the General Fund beginning fund balance for modified accrual basis was restated for (\$17,787).

REQUIRED SUPPLEMENTARY INFORMATION

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local sources				
1100 Property taxes	\$ 305,000	\$ 305,000	\$ 329,692	\$ 24,692
1500 Investment earnings	7,500	7,500	13,204	5,704
1920 Contributions and donations	1,000	1,000	-	(1,000)
1960 Recovery of prior year's expense	2,000	2,000	3,496	1,496
1990 Miscellaneous revenue	17,000	17,000	56,100	39,100
Total local sources	332,500	332,500	402,492	69,992
State sources				
3101 Basic school support fund	1,822,747	1,822,747	1,907,824	85,077
3103 Common school fund	19,000	19,000	15,019	(3,981)
3299 Restricted state grants	20,000	20,000	1,368	(18,632)
Total state sources	1,861,747	1,861,747	1,924,211	62,464
Federal sources				
4801 Federal forest fees	40,000	40,000	93,490	53,490
Total federal sources	40,000	40,000	93,490	53,490
Total revenues	2,234,247	2,234,247	2,420,193	185,946
Expenditures				
1000 Instruction				
100 Salaries	659,598	670,625	617,303	53,322
200 Associated payroll costs	446,073	443,114	412,064	31,050
300 Purchased services	121,640	141,640	99,317	42,323
400 Supplies and materials	333,565	313,565	225,994	87,571
500 Capital outlay	18,750	18,750	10,213	8,537
600 Other objects	11,670	11,670	9,905	1,765
Total instruction	1,591,296	1,599,364	1,374,796	224,568
2000 Support services				
100 Salaries	284,571	289,378	277,329	12,049
200 Associated payroll costs	220,495	222,153	194,941	27,212
300 Purchased services	170,390	173,390	113,826	59,564
400 Supplies and materials	67,750	67,750	45,356	22,394
500 Capital outlay	10,500	10,500	6,303	4,197
600 Other objects	59,850	62,650	47,761	14,889
Total support services	813,556	825,821	685,516	140,305
3000 Community services				
400 Supplies and materials	500	500	-	500
Total community services	\$ 500	\$ 500	\$ -	\$ 500

(Continued on next page)

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - GENERAL FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Expenditures (continued)				
6000 Contingency				
800 Operating contingency	\$ 75,000	\$ 54,667	\$ -	\$ 54,667
Total contingency	75,000	54,667	-	54,667
Total expenditures	2,480,352	2,480,352	2,060,312	420,040
Excess of revenues over (under) expenditures	(246,105)	(246,105)	359,881	605,986
Other financing sources (uses)				
Transfers out	(146,069)	(146,069)	(146,069)	-
Total other financing sources (uses)	(146,069)	(146,069)	(146,069)	-
Net change in fund balance	(392,174)	(392,174)	213,812	605,986
Available fund balance, July 1	1,500,000	1,500,000	1,716,700	216,700
Available fund balance, June 30	<u>\$ 1,107,826</u>	<u>\$ 1,107,826</u>	<u>\$ 1,930,512</u>	<u>\$ 822,686</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
BUDGETARY COMPARISON SCHEDULE-BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended
June 30, 2016

	Budget Basis			Accrual Adjustments	Modified Accrual Basis
	General	Other Governmental Funds	Total		
Revenues					
Taxes	\$ 329,692	\$ 28,703	\$ 358,395	\$ (1,038)	\$ 357,357
Local sources	72,800	31,941	104,741	-	104,741
State sources	1,924,211	-	1,924,211	2,986	1,927,197
Federal sources	93,490	46,691	140,181	-	140,181
Total revenues	<u>2,420,193</u>	<u>107,335</u>	<u>2,527,528</u>	<u>1,948</u>	<u>2,529,476</u>
Expenditures					
Instruction					
Regular programs	659,248	34,909	694,157	250	694,407
Special programs	715,548	11,782	727,330	(2,225)	725,105
Support services					
Students	21,906	-	21,906	-	21,906
Improvement of instruction	37,739	-	37,739	-	37,739
General administration	140,579	-	140,579	-	140,579
Business services	446,136	58,414	504,550	(12,383)	492,167
Central activities	39,156	-	39,156	-	39,156
Community services	-	133,948	133,948	48	133,996
Debt service	-	53,467	53,467	-	53,467
Total expenditures	<u>2,060,312</u>	<u>292,520</u>	<u>2,352,832</u>	<u>(14,310)</u>	<u>2,338,522</u>
Excess of revenues over (under) expenditures	359,881	(185,185)	174,696	16,258	190,954
Other financing sources (uses)					
Transfers in (out)	(146,069)	146,069	-	-	-
Total other financing sources (uses)	<u>(146,069)</u>	<u>146,069</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	213,812	(39,116)	174,696	16,258	190,954
Available fund balances, July 1, before restatement	1,716,700	202,392	1,919,092	14,227	1,933,319
Restatement, see note 11	-	-	-	(17,787)	(17,787)
Available fund balances, July 1, after restatement	<u>1,716,700</u>	<u>202,392</u>	<u>1,919,092</u>	<u>(3,560)</u>	<u>1,915,532</u>
Available fund balances, June 30	<u>\$ 1,930,512</u>	<u>\$ 163,276</u>	<u>\$ 2,093,788</u>	<u>\$ 12,698</u>	<u>\$ 2,106,486</u>

Adjustment for accounts payable general fund	\$ 12,705
Adjustment for accounts payable nonmajor funds	1,605
Adjustment for accounts receivable - general fund	2,986
Adjustment for accrued property taxes - general fund	(1,038)
	<u>\$ 16,258</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.01301072%	\$ 747,005	\$ 759,931	98.30%	91.90%
2015	0.01295626%	(293,681)	766,859	-38.30%	103.60%
2014	0.01301072%	104,540	689,224	15.17%	91.97%

SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	\$ 137,081	\$ 137,081	\$ -	\$ 743,807	18.43%
2015	144,494	144,494	-	759,931	19.01%
2014	191,793	191,793	-	766,859	25.01%

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

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

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended
June 30, 2016

1. Budgetary Reporting

A budget is prepared for each district fund in accordance with the modified cash basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, interagency/fund transactions, contingencies and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30.

Unexpected additional resources may be added to the budget using a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the board of directors.

The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program.

There were no overexpenditure budget violations for the year ended June 30, 2016.

2. Oregon Public Retirement System Information

Changes in Benefit Terms

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

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

This is a change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercereports.aspx.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Food Service

Boarding in Lieu of Transportation

Federal Grants

IDEA

Charter School Grant

Teacherage

DEBT SERVICE FUND

Debt Service

CAPITAL PROJECT FUNDS

Capital Improvement

Transportation

MODIFIED ACCRUAL BASIS

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
BALANCE SHEET
NONMAJOR FUNDS
June 30, 2016

	Special Revenue Funds				
	Food Service	Boarding In Lieu of Transportation	Federal Grants	IDEA	Charter School Grant
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash	\$ 1,087	\$ 6,240	\$ -	\$ -	\$ 213
Receivables					
Taxes	-	-	-	-	-
Total assets	<u>1,087</u>	<u>6,240</u>	<u>-</u>	<u>-</u>	<u>213</u>
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 1,087</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 48	\$ -	\$ -	\$ -
Interfund payable	-	-	-	6	-
Total liabilities	<u>-</u>	<u>48</u>	<u>-</u>	<u>6</u>	<u>-</u>
Deferred inflows of resources					
Unavailable property tax revenue	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Spendable					
Restricted	1,087	-	-	-	213
Committed	-	6,192	-	-	-
Unassigned	-	-	-	(6)	-
Total fund balances	<u>1,087</u>	<u>6,192</u>	<u>-</u>	<u>(6)</u>	<u>213</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,087</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213</u>

See accompanying independent auditor's report.

Special Revenue Fund	Debt Service Fund	Capital Project Funds		Total June 30, 2016
Teacherage	Debt Service	Capital Improvement	Transportation	
\$ 21,116	\$ 1,869	\$ 67,067	\$ 65,690	\$ 163,282
-	3,579	-	-	3,579
21,116	5,448	67,067	65,690	166,861
-	-	-	-	-
\$ 21,116	\$ 5,448	\$ 67,067	\$ 65,690	\$ 166,861
\$ -	\$ -	\$ -	\$ -	\$ 48
-	-	-	-	6
-	-	-	-	54
-	3,579	-	-	3,579
-	3,579	-	-	3,579
-	1,869	-	-	3,169
21,116	-	67,067	65,690	160,065
-	-	-	-	(6)
21,116	1,869	67,067	65,690	163,228
\$ 21,116	\$ 5,448	\$ 67,067	\$ 65,690	\$ 166,861

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
For the Year Ended
June 30, 2016

	Special Revenue Funds				
	Food Service	Boarding In Lieu of Transportation	Federal Grants	IDEA	Charter School Grant
Revenues					
Local sources	\$ 13	\$ 5,943	\$ -	\$ -	\$ -
Federal sources	-	-	28,823	17,868	-
Total revenues	13	5,943	28,823	17,868	-
Expenditures					
1000 Instruction					
100 Salaries	-	-	17,569	2,022	-
200 Associated payroll costs	-	-	10,249	2,533	-
300 Purchased services	-	-	-	1,759	-
400 Supplies and materials	-	-	1,005	11,554	-
Total instruction	-	-	28,823	17,868	-
2000 Support services					
300 Purchased services	-	-	-	-	-
500 Capital outlay	-	-	-	-	-
600 Other objects	-	-	-	-	-
Total support services	-	-	-	-	-
3000 Community services					
100 Salaries	-	32,486	-	-	-
200 Associated payroll costs	-	29,613	-	-	-
300 Purchased services	-	17,088	-	-	-
400 Supplies and materials	9,926	44,848	-	-	-
600 Other objects	-	35	-	-	-
Total community services	9,926	124,070	-	-	-
5100 Debt service					
600 Other objects	-	-	-	-	-
Total debt service	-	-	-	-	-
Total expenditures	9,926	124,070	28,823	17,868	-
Excess of revenues over (under) expenditures	(9,913)	(118,127)	-	-	-
Other financing sources (uses)					
Transfers in (out)	11,000	90,069	-	-	-
Total other financing sources (uses)	11,000	90,069	-	-	-
Net change in fund balances	1,087	(28,058)	-	-	-
Available fund balances, July 1	-	34,250	-	(6)	213
Available fund balances, June 30	\$ 1,087	\$ 6,192	\$ -	\$ (6)	\$ 213

See accompanying independent auditor's report.

Special Revenue Fund	Debt Service Fund	Capital Project Funds		Total June 30, 2016
Teacherrage	Debt Service	Capital Improvement	Transportation	
\$ 24,887	\$ 28,775	\$ 446	\$ 580	\$ 60,644
-	-	-	-	46,691
24,887	28,775	446	580	107,335
-	-	-	-	19,591
-	-	-	-	12,782
-	-	-	-	1,759
-	-	-	-	12,559
-	-	-	-	46,691
21,998	-	5,699	-	27,697
698	-	-	43,157	43,855
4,045	-	-	2,755	6,800
26,741	-	5,699	45,912	78,352
-	-	-	-	32,486
-	-	-	-	29,613
-	-	-	-	17,088
-	-	-	-	54,774
-	-	-	-	35
-	-	-	-	133,996
-	31,875	-	-	31,875
-	31,875	-	-	31,875
26,741	31,875	5,699	45,912	290,914
(1,854)	(3,100)	(5,253)	(45,332)	(183,579)
-	-	35,000	10,000	146,069
-	-	35,000	10,000	146,069
(1,854)	(3,100)	29,747	(35,332)	(37,510)
22,970	4,969	37,320	101,022	200,738
\$ 21,116	\$ 1,869	\$ 67,067	\$ 65,690	\$ 163,228

BUDGET BASIS

LAKE COUNTY SCHOOL DISTRICT NO. 11

Paisley, Lake County, Oregon

BALANCE SHEET**NONMAJOR FUNDS****(BUDGET BASIS)**

June 30, 2016

		Special Revenue Funds				
		Food Service	Boarding In Lieu of Transportation	Federal Grants	IDEA	Charter School Grant
ASSETS						
Cash		\$ 1,087	\$ 6,240	\$ -	\$ -	\$ 213
Total assets		<u>\$ 1,087</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Interfund payable		\$ -	\$ -	\$ -	\$ 6	\$ -
Total liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>-</u>
Fund balances						
Spendable						
Restricted		1,087	-	-	-	213
Committed		-	6,240	-	-	-
Unassigned		-	-	-	(6)	-
Total fund balances		<u>1,087</u>	<u>6,240</u>	<u>-</u>	<u>(6)</u>	<u>213</u>
Total liabilities and fund balances		<u>\$ 1,087</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213</u>

See accompanying independent auditor's report.

Special Revenue Fund	Debt Service Fund	Capital Project Funds		Total June 30, 2016
Teacherage	Debt Service	Capital Improvement	Transportation	
\$ 21,116	\$ 1,869	\$ 67,067	\$ 65,690	\$ 163,282
<u>\$ 21,116</u>	<u>\$ 1,869</u>	<u>\$ 67,067</u>	<u>\$ 65,690</u>	<u>\$ 163,282</u>
\$ -	\$ -	\$ -	\$ -	\$ 6
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
-	1,869	-	-	3,169
21,116	-	67,067	65,690	160,113
-	-	-	-	(6)
<u>21,116</u>	<u>1,869</u>	<u>67,067</u>	<u>65,690</u>	<u>163,276</u>
<u>\$ 21,116</u>	<u>\$ 1,869</u>	<u>\$ 67,067</u>	<u>\$ 65,690</u>	<u>\$ 163,282</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS (Budget Basis)

For the Year Ended

June 30, 2016

	Special Revenue Funds				
	Food Service	Boarding In Lieu of Transportation	Federal Grants	IDEA	Charter School Grant
Revenues					
Local sources	\$ 13	\$ 5,943	\$ -	\$ -	\$ -
Federal sources	-	-	28,823	17,868	-
Total revenues	13	5,943	28,823	17,868	-
Expenditures					
1000 Instruction					
100 Salaries	-	-	17,569	2,022	-
200 Associated payroll costs	-	-	10,249	2,533	-
300 Purchased services	-	-	-	1,759	-
400 Supplies and materials	-	-	1,005	11,554	-
Total instruction	-	-	28,823	17,868	-
2000 Supporting services					
300 Purchased services	-	-	-	-	-
500 Capital outlay	-	-	-	-	-
600 Other objects	-	-	-	-	-
Total supporting services	-	-	-	-	-
3000 Community services					
100 Salaries	-	32,486	-	-	-
200 Associated payroll costs	-	29,613	-	-	-
300 Purchased services	-	17,040	-	-	-
400 Supplies and materials	9,926	44,848	-	-	-
600 Other objects	-	35	-	-	-
Total community services	9,926	124,022	-	-	-
5100 Debt service					
600 Other objects	-	-	-	-	-
Total debt service	-	-	-	-	-
Total expenditures	9,926	124,022	28,823	17,868	-
Excess of revenues over (under) expenditures	(9,913)	(118,079)	-	-	-
Other financing sources					
Transfers in (out)	11,000	90,069	-	-	-
Total other financing sources	11,000	90,069	-	-	-
Net change in fund balances	1,087	(28,010)	-	-	-
Available fund balances, July 1	-	34,250	-	(6)	213
Available fund balances, June 30	\$ 1,087	\$ 6,240	\$ -	\$ (6)	\$ 213

See accompanying independent auditor's report.

Special Revenue Fund	Debt Service Fund	Capital Project Funds		Total June 30, 2016
Teacherage	Debt Service	Capital Improvement	Transportation	
\$ 24,887	\$ 28,775	\$ 446	\$ 580	\$ 60,644
-	-	-	-	46,691
24,887	28,775	446	580	107,335
-	-	-	-	19,591
-	-	-	-	12,782
-	-	-	-	1,759
-	-	-	-	12,559
-	-	-	-	46,691
21,998	-	5,699	-	27,697
698	-	-	44,811	45,509
4,045	-	-	2,755	6,800
26,741	-	5,699	47,566	80,006
-	-	-	-	32,486
-	-	-	-	29,613
-	-	-	-	17,040
-	-	-	-	54,774
-	-	-	-	35
-	-	-	-	133,948
-	31,875	-	-	31,875
-	31,875	-	-	31,875
26,741	31,875	5,699	47,566	292,520
(1,854)	(3,100)	(5,253)	(46,986)	(185,185)
-	-	35,000	10,000	146,069
-	-	35,000	10,000	146,069
(1,854)	(3,100)	29,747	(36,986)	(39,116)
22,970	4,969	37,320	102,676	202,392
\$ 21,116	\$ 1,869	\$ 67,067	\$ 65,690	\$ 163,276

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - FOOD SERVICE FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local sources				
1500 Earnings on investments	\$ -	\$ -	\$ 13	\$ 13
Total local sources	-	-	13	13
Total revenues	-	-	13	13
Expenditures				
3000 Enterprise and community services				
3100 Food services				
400 Supplies and materials	10,000	10,000	9,926	74
Total enterprise and community services	10,000	10,000	9,926	74
Total expenditures	10,000	10,000	9,926	74
Excess of revenues over (under) expenditures	(10,000)	(10,000)	(9,913)	87
Other financing sources (uses)				
Transfers in	11,000	11,000	11,000	-
Total other financing sources (uses)	11,000	11,000	11,000	-
Net change in fund balance	1,000	1,000	1,087	87
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ 1,000	\$ 1,000	\$ 1,087	\$ 87

LAKE COUNTY SCHOOL DISTRICT NO. 11

Paisley, Lake County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - BOARDING IN LIEU OF TRANSPORTATION**

For the Year Ended

June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local sources				
1510 Interest on investments	\$ 150	\$ 150	\$ 348	\$ 198
1412 Transportation fees	3,600	3,600	5,595	1,995
Total local sources	3,750	3,750	5,943	2,193
Total revenues	3,750	3,750	5,943	2,193
Expenditures				
3000 Enterprise and community services				
3200 Other enterprise services				
100 Salaries	33,324	33,324	32,486	838
200 Associated payroll costs	28,545	28,545	29,613	(1,068)
300 Purchased services	25,650	16,650	17,040	(390)
400 Supplies and materials	40,000	49,000	44,848	4,152
600 Other objects	300	300	35	265
Total enterprise and community services	127,819	127,819	124,022	3,797
Total expenditures	127,819	127,819	124,022	3,797
Excess of revenues over (under) expenditures	(124,069)	(124,069)	(118,079)	5,990
Other financing sources (uses)				
Transfers in	90,069	90,069	90,069	-
Total other financing sources (uses)	90,069	90,069	90,069	-
Net change in fund balance	(34,000)	(34,000)	(28,010)	5,990
Available fund balance, July 1	34,000	34,000	34,250	250
Available fund balance, June 30	\$ -	\$ -	\$ 6,240	\$ 6,240

LAKE COUNTY SCHOOL DISTRICT NO. 11

Paisley, Lake County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - FEDERAL GRANTS FUND**

For the Year Ended

June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Federal sources				
4300 Restricted federal revenue	\$ 28,943	\$ 28,943	\$ 28,823	\$ (120)
Total federal sources	28,943	28,943	28,823	(120)
Total revenues	28,943	28,943	28,823	(120)
Expenditures				
Instruction				
1111 Primary K-3				
100 Salaries	6,518	6,518	7,447	(929)
200 Associated payroll costs	6,160	6,160	9,391	(3,231)
400 Supplies and materials	950	950	-	950
1131 High school programs				
100 Salaries	11,839	11,839	10,122	1,717
200 Associated payroll costs	976	976	858	118
400 Supplies and materials	1,000	1,000	1,005	(5)
Total instruction	28,943	28,943	28,823	120
Total expenditures	28,943	28,943	28,823	120
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - IDEA FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Federal sources				
4500 Restricted federal revenues	\$ 33,773	\$ 33,773	\$ 17,868	\$ (15,905)
Total federal sources	<u>33,773</u>	<u>33,773</u>	<u>17,868</u>	<u>(15,905)</u>
Total revenues	<u>33,773</u>	<u>33,773</u>	<u>17,868</u>	<u>(15,905)</u>
Expenditures				
1000 Instruction				
1111 Primary K-3				
100 Salaries	2,260	2,260	2,022	238
200 Associated payroll costs	2,696	2,696	2,533	163
300 Purchased services	1,000	1,000	738	262
400 Supplies and materials	-	-	55	(55)
1131 High school programs				
100 Salaries	4,971	4,971	-	4,971
200 Associated payroll costs	6,146	6,146	-	6,146
300 Purchased services	1,000	1,000	738	262
400 Supplies and materials	1,700	1,700	-	1,700
1282 Private alteernative programs				
300 Purchased services	2,500	2,500	283	2,217
400 Supplies and materials	11,500	11,500	11,499	1
Total instruction	<u>33,773</u>	<u>33,773</u>	<u>17,868</u>	<u>15,905</u>
Total expenditures	<u>33,773</u>	<u>33,773</u>	<u>17,868</u>	<u>15,905</u>
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	(6)	(6)
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (6)</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - CHARTER SCHOOL GRANT FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Federal sources				
4500 Federal sources	\$ -	\$ -	\$ -	\$ -
Total federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
1000 Instruction				
1111 Primary programs				
100 Salaries	-	-	-	-
Total instruction	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Available fund balance, July 1	213	213	213	-
Available fund balance, June 30	<u>\$ 213</u>	<u>\$ 213</u>	<u>\$ 213</u>	<u>\$ -</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS)- TEACHERAGE FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local revenues				
1510 Interest on investments	\$ 60	\$ 60	\$ 80	\$ 20
1910 Rentals	10,320	10,320	16,764	6,444
1990 Other revenues from local sources	6,000	6,000	8,043	2,043
Total local sources	16,380	16,380	24,887	8,507
Total revenues	16,380	16,380	24,887	8,507
Expenditures				
2000 Support services				
2549 Other operation and maintenance of plant services				
300 Purchased services	32,260	32,260	21,998	10,262
500 Capital outlay	-	-	698	(698)
600 Other objects	4,120	4,120	4,045	75
Total support services	36,380	36,380	26,741	10,337
Total expenditures	36,380	36,380	26,741	10,337
Net change in fund balance	(20,000)	(20,000)	(1,854)	18,146
Available fund balance, July 1	20,000	20,000	22,970	2,970
Available fund balance, June 30	\$ -	\$ -	\$ 21,116	\$ 21,116

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL(BUDGET BASIS) - DEBT SERVICE FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local sources				
1111 Current year property taxes	\$ 25,898	\$ 25,898	\$ 27,472	\$ 1,574
1112 Prior years property taxes	900	900	1,230	330
1510 Interest on investments	70	70	73	3
Total local sources	<u>26,868</u>	<u>26,868</u>	<u>28,775</u>	<u>1,907</u>
Total revenues	<u>26,868</u>	<u>26,868</u>	<u>28,775</u>	<u>1,907</u>
Expenditures				
5000 Other uses				
5110 Long-term debt service				
600 Other objects	<u>31,875</u>	<u>31,875</u>	<u>31,875</u>	<u>-</u>
Total other uses	<u>31,875</u>	<u>31,875</u>	<u>31,875</u>	<u>-</u>
Total expenditures	<u>31,875</u>	<u>31,875</u>	<u>31,875</u>	<u>-</u>
Net change in fund balance	(5,007)	(5,007)	(3,100)	1,907
Available fund balance, July 1	<u>5,007</u>	<u>5,007</u>	<u>4,969</u>	<u>(38)</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,869</u>	<u>\$ 1,869</u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - CAPITAL IMPROVEMENT FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local sources				
1510 Interest on investments	\$ 150	\$ 150	\$ 446	\$ 296
Total local sources	150	150	446	296
Total revenues	150	150	446	296
Expenditures				
2000 Support services				
2540 Operation of maintenance and plant services				
300 Purchased services	43,150	43,150	5,699	37,451
Total support services	43,150	43,150	5,699	37,451
Total expenditures	68,150	68,150	5,699	62,451
Excess of revenues over (under) expenditures	(68,000)	(68,000)	(5,253)	62,747
Other financing sources (uses)				
Transfers in	35,000	35,000	35,000	-
Total other financing sources (uses)	35,000	35,000	35,000	-
Net change in fund balance	(33,000)	(33,000)	29,747	62,747
Available fund balance, July 1	33,000	33,000	37,320	4,320
Available fund balance, June 30	\$ -	\$ -	\$ 67,067	\$ 67,067

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGET BASIS) - TRANSPORTATION FUND
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Variance from Budget
Revenues				
Local sources				
1510 Interest on investments	\$ 300	\$ 300	\$ 580	\$ 280
Total local sources	300	300	580	280
Total revenues	300	300	580	280
Expenditures				
2000 Support services				
2550 Student transportation services				
500 Capital outlay	88,300	88,300	44,811	43,489
600 Other objects	-	-	2,755	(2,755)
Total support services	88,300	88,300	47,566	40,734
Total expenditures	88,300	88,300	47,566	40,734
Excess of revenues over (under) expenditures	(88,000)	(88,000)	(46,986)	41,014
Other financing sources (uses)				
Transfers in	10,000	10,000	10,000	-
Total other financing sources (uses)	10,000	10,000	10,000	-
Net change in fund balance	(78,000)	(78,000)	(36,986)	41,014
Available fund balance, July 1	103,000	103,000	102,676	(324)
Available fund balance, June 30	\$ 25,000	\$ 25,000	\$ 65,690	\$ 40,690

OTHER FINANCIAL SCHEDULES

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
June 30, 2016

	Balance July 1, 2015	Receipts	Disbursements	Balance June 30, 2016
Assets				
Cash	\$ 64,566	\$ 26,624	\$ 22,908	\$ 68,282
Liabilities				
Due to student groups	\$ 64,566	\$ 26,624	\$ 22,908	\$ 68,282

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY
June 30, 2016

		Total
Cash and cash items		
Cash on hand		\$ 65
U.S. Bank, N.A.*		
Demand accounts	\$ 94,767	
Total U.S. Bank, N.A.		<u>94,767</u>
Umpqua Bank*		
Demand accounts	<u>68,217</u>	
Total Umpqua Bank		<u>68,217</u>
Total cash and cash items		<u>163,049</u>
Investments		
Oregon State Treasury Local Government Investment Pool**		<u>2,040,450</u>
Total investments		<u>2,040,450</u>
Total cash, cash items and investments		<u>\$ 2,203,499</u>
Less amount held in student body funds		<u>(68,282)</u>
Total cash, cash items and investments-governmental funds		<u><u>\$ 2,135,217</u></u>
Collateral security		
U.S. Bank, N.A. - FDIC***		\$ 250,000
Umpqua Bank - FDIC***		<u>250,000</u>
Total collateral security		<u><u>\$ 500,000</u></u>

*Qualified Depository per the State of Oregon

** The Oregon Local Investment Pool is fully collateralized by the State of Oregon

***FDIC insures each account per bank up to \$250,000

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
OREGON DEPARTMENT OF EDUCATION REQUIRED INFORMATION
FORM 581-3211 - SUPPLEMENTAL INFORMATION
June 30, 2016

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

Objects 325 & 326	
Function 2540	\$ 40,893
Function 2550	\$ -

- 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	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

\$ 744

Lake County School District No.11
Paisley, Lake County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
GENERAL FUND
For the Year Ended
June 30, 2016

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								
1111 Primary, K-3	\$ 92,058	\$ 63,196	\$ 271	\$ 4,822	\$ 127	\$ 295	\$ -	\$ 160,769
1112 Intermediate programs	-	-	-	-	-	-	-	-
1113 Elementary extracurricular	-	-	-	-	-	-	-	-
1121 Middle and junior high programs	61,238	32,548	-	-	-	-	-	93,786
1122 Middle and junior high school extracurricular	-	-	-	-	-	-	-	-
1131 High school programs	155,431	116,181	14,614	67,248	2,056	2,365	-	357,895
1132 High school extracurricular	15,000	2,097	16,582	3,017	8,030	2,072	-	46,798
1210 Programs for talented and gifted	-	-	-	-	-	-	-	-
1226 Home instruction	-	-	-	-	-	-	-	-
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1282 Private alternative programs	293,576	198,042	67,850	150,907	-	5,173	-	715,548
1283 District alternative programs	-	-	-	-	-	-	-	-
Total 1000 instruction	617,303	412,064	99,317	225,994	10,213	9,905	-	1,374,796
2000 Support services								
2115 Student safety	-	-	-	-	-	-	-	-
2120 Guidance services	10,269	7,712	-	546	-	2,809	-	21,336
2122 Counseling services	-	-	-	-	-	-	-	-
2130 Health services	-	-	-	570	-	-	-	570
2222 Library media center	11,858	3,289	-	13,097	20	59	-	28,323
2223 Multimedia services	-	-	-	-	-	-	-	-
2230 Assessment and testing	-	-	-	-	-	-	-	-
2240 Instructional staff development	-	-	9,416	-	-	-	-	9,416
2310 Board of education	-	-	7,902	930	-	8,143	-	16,975
2320 Executive administration services	90,722	26,856	3,817	1,564	-	645	-	123,604
2321 Office of the superintendent services	-	-	-	-	-	-	-	-
2324 State and federal relations services	-	-	-	-	-	-	-	-
2410 Office of the principal	-	-	-	-	-	-	-	-
2520 Fiscal services	73,108	53,321	13,511	9,581	201	4,835	-	154,557
2521 Service area direction	-	-	-	-	-	-	-	-
2524 Payroll services	-	-	-	-	-	-	-	-
2525 Financial accounting services	-	-	-	-	-	-	-	-
2540 Operation and maintenance of plant services	62,084	38,880	64,844	9,061	6,082	24,836	-	205,787
2541 Service area direction	-	-	-	-	-	-	-	-
2542 Care and upkeep of building services	-	-	-	-	-	-	-	-
2543 Care and upkeep of grounds	-	-	-	-	-	-	-	-
2550 Student transportation services	29,288	25,727	14,336	10,007	-	6,434	-	85,792
2645 Health services	-	39,156	-	-	-	-	-	39,156
2641 Service area direction	-	-	-	-	-	-	-	-
2660 Technology services	-	-	-	-	-	-	-	-
2700 Supplemental retirement program	-	-	-	-	-	-	-	-
Total 2000 support services	277,329	194,941	113,826	45,356	6,303	47,761	-	685,516
3000 Enterprise and community services								
3000 Enterprise and community services	-	-	-	-	-	-	-	-
3300 Community services	-	-	-	-	-	-	-	-
Total 3000 enterprise and community	-	-	-	-	-	-	-	-
4000 Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	-	-	-	-	-	-	-	-
Total 4000 facilities acquisition and construction	-	-	-	-	-	-	-	-
5000 Other uses								
5200 Transfers out	-	-	-	-	-	-	146,069	146,069
Total 5000 other uses	-	-	-	-	-	-	146,069	146,069
6000 Contingencies								
6110 Operating contingency	-	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-	-
Total expenditures	\$ 894,632	\$ 607,005	\$ 213,143	\$ 271,350	\$ 16,516	\$ 57,666	\$ 146,069	\$ 2,206,381

Lake County School District No.11
Paisley, Lake County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
SPECIAL REVENUE FUNDS
For the Year Ended
June 30, 2016

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								
1111 Primary, K-3	\$ 9,469	\$ 11,924	\$ 738	\$ 55	\$ -	\$ -	\$ -	\$ 22,186
1113 Elementary extracurricular	-	-	-	-	-	-	-	-
1121 Middle and junior high programs	-	-	-	-	-	-	-	-
1122 Middle and junior high school extracurricular	-	-	-	-	-	-	-	-
1131 High school programs	10,122	858	738	1,005	-	-	-	12,723
1132 High school extracurricular	-	-	-	-	-	-	-	-
1140 Pre-kindergarten programs	-	-	-	-	-	-	-	-
1210 Programs for talented and gifted	-	-	-	-	-	-	-	-
1226 Home instruction	-	-	-	-	-	-	-	-
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1282 Private alternative programs	-	-	283	11,499	-	-	-	11,782
1288 Charter schools	-	-	-	-	-	-	-	-
1291 English second language programs	-	-	-	-	-	-	-	-
1292 Teen parent programs	-	-	-	-	-	-	-	-
Total 1000 instruction	19,591	12,782	1,759	12,559	-	-	-	46,691
2000 Support services								
2321 Office of the superintendent services	-	-	-	-	-	-	-	-
2324 State and federal relations services	-	-	-	-	-	-	-	-
2410 Office of the principal	-	-	-	-	-	-	-	-
2521 Service area direction	-	-	-	-	-	-	-	-
2524 Payroll services	-	-	-	-	-	-	-	-
2525 Financial accounting services	-	-	-	-	-	-	-	-
2540 Operation and maintenance of plant	-	-	-	-	-	-	-	-
2541 Service area direction	-	-	-	-	-	-	-	-
2542 Care and upkeep of building services	-	-	-	-	-	-	-	-
2543 Care and upkeep of grounds	-	-	-	-	-	-	-	-
2549 Other operation and maintenance of plant services	-	-	21,998	-	698	4,045	-	26,741
2550 Student transportation services	-	-	-	-	-	-	-	-
Total 2000 support services	-	-	21,998	-	698	4,045	-	26,741
3000 Enterprise and community services								
3100 Food services	-	-	-	9,926	-	-	-	9,926
3110 Food services service area direction	-	-	-	-	-	-	-	-
3120 Food delivery services	-	-	-	-	-	-	-	-
3130 Other food services	-	-	-	-	-	-	-	-
3200 Other enterprise services	32,486	29,613	17,040	44,848	-	35	-	124,022
3300 Community services	-	-	-	-	-	-	-	-
Total 3000 enterprise and community	32,486	29,613	17,040	54,774	-	35	-	133,948
4000 Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	-	-	-	-	-	-	-	-
Total 4000 facilities acquisition and construction	-	-	-	-	-	-	-	-
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfers out	-	-	-	-	-	-	-	-
Total 5000 other uses	-	-	-	-	-	-	-	-
6000 Contingencies								
6110 Operating contingency	-	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-	-
Total expenditures	\$ 52,077	\$ 42,395	\$ 40,797	\$ 67,333	\$ 698	\$ 4,080	\$ -	\$ 207,380

Lake County School District No.11
Paisley, Lake County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
DEBT SERVICE FUND
For the Year Ended
June 30, 2016

Function		100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
1000	Instruction							
1111	Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total 1000 instruction	-	-	-	-	-	-	-
2000	Support services							
2115	Student safety	-	-	-	-	-	-	-
2122	Counseling services	-	-	-	-	-	-	-
	Total 2000 support services	-	-	-	-	-	-	-
3000	Enterprise and community services							
3110	Food services service area direction	-	-	-	-	-	-	-
3120	Food delivery services	-	-	-	-	-	-	-
	Total 3000 enterprise and community	-	-	-	-	-	-	-
4000	Facilities acquisition and construction							
4150	Building acquisition, construction and improvement services	-	-	-	-	-	-	-
	Total 4000 facilities acquisition and construction	-	-	-	-	-	-	-
5000	Other uses							
5110	Long-term debt service	-	-	-	-	-	31,875	31,875
5120	Short-term debt retirement	-	-	-	-	-	-	-
	Total 5000 other uses	-	-	-	-	-	31,875	31,875
6000	Contingencies							
6110	Operating contingency	-	-	-	-	-	-	-
	Total 6000 contingencies	-	-	-	-	-	-	-
	Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,875	\$ 31,875

Lake County School District No.11
Paisley, Lake County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
CAPITAL PROJECT FUNDS
For the Year Ended
June 30, 2016

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
1000 Instruction							
1111 Primary, K-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1112 Intermediate programs	-	-	-	-	-	-	-
Total 1000 instruction	-	-	-	-	-	-	-
2000 Support services							
2540 Operation and maintenance of plant services	-	-	5,699	-	-	-	5,699
2541 Service area direction	-	-	-	-	-	-	-
2542 Care and upkeep of building services	-	-	-	-	-	-	-
2543 Care and upkeep of grounds	-	-	-	-	-	-	-
2550 Student transportation services	-	-	-	-	44,811	2,755	47,566
2551 Service area direction	-	-	-	-	-	-	-
Total 2000 support services	-	-	5,699	-	44,811	2,755	53,265
4000 Facilities acquisition and construction							
4150 Building acquisition, construction and improvement services	-	-	-	-	-	-	-
Total 4000 facilities acquisition and construction	-	-	-	-	-	-	-
5000 Other uses							
5110 Long-term debt service	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-
Total 5000 other uses	-	-	-	-	-	-	-
6000 Contingencies							
6110 Operating contingency	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 5,699	\$ -	\$ 44,811	\$ 2,755	\$ 53,265

Lake County School District No.11

Paisley, Lake County, Oregon

District Audit Revenue Summary (Budget Basis)

For the Fiscal Year Ended June 30, 2016

Revenue from local sources		Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110	Ad valorem taxes	\$ 326,929	\$ -	\$ 28,702	\$ -	\$ -	\$ -	\$ -
1120	Local option taxes	-	-	-	-	-	-	-
1190	Penalties and interest	2,763	-	-	-	-	-	-
1200	Rev from local government other than district	-	-	-	-	-	-	-
1310	Regular tuition	-	-	-	-	-	-	-
1320	Adult/continuing ed tuition	-	-	-	-	-	-	-
1330	Summer school tuition	-	-	-	-	-	-	-
1412	Transportation fees	-	5,595	-	-	-	-	-
1500	Earnings on investments	13,204	441	73	1,026	-	-	-
1600	Food service	-	-	-	-	-	-	-
1700	Extracurricular	-	-	-	-	-	-	-
1800	Community services	-	-	-	-	-	-	-
1910	Rentals	-	16,764	-	-	-	-	-
1920	Donations from private sources	-	-	-	-	-	-	26,624
1930	Lease payments from private contractors	-	-	-	-	-	-	-
1940	Services provided other LEA	-	-	-	-	-	-	-
1950	Textbook sales	-	-	-	-	-	-	-
1960	Receipt of prior years expenditures	3,496	-	-	-	-	-	-
1970	Services provided other funds	-	-	-	-	-	-	-
1980	Fees charged to grants	-	-	-	-	-	-	-
1990	Miscellaneous local source	56,100	8,043	-	-	-	-	-
Total revenue from local sources		402,492	30,843	28,775	1,026	-	-	26,624
Revenue from intermediate sources								
2101	County school funds	-	-	-	-	-	-	-
2102	ESD apportionment	-	-	-	-	-	-	-
2105	Natural gas, oil and mineral receipts	-	-	-	-	-	-	-
2199	Other intermediate sources	-	-	-	-	-	-	-
2200	Restricted revenue intermediate sources	-	-	-	-	-	-	-
2800	Revenue in lieu of taxes	-	-	-	-	-	-	-
2900	Revenue for/on behalf of district	-	-	-	-	-	-	-
Total revenue from intermediate sources		-	-	-	-	-	-	-
Revenue from state sources								
3101	State school fund-general support	1,907,824	-	-	-	-	-	-
3102	State school lunch match	-	-	-	-	-	-	-
3103	Common school fund	15,019	-	-	-	-	-	-
3104	State managed city timber	-	-	-	-	-	-	-
3199	Other unrestricted grants-state	-	-	-	-	-	-	-
3222	SSSF transportation	-	-	-	-	-	-	-
3299	Other restricted grants-state	1,368	-	-	-	-	-	-
3800	State revenue in lieu of tax	-	-	-	-	-	-	-
3900	State revenue for/on behalf of district	-	-	-	-	-	-	-
Total revenue from state sources		1,924,211	-	-	-	-	-	-
Revenue from federal sources								
4100	Unrestricted direct from federal	-	-	-	-	-	-	-
4200	Unrestricted from federal through state	-	-	-	-	-	-	-
4300	Restricted from federal	-	28,823	-	-	-	-	-
4500	Restricted from federal through state	-	17,868	-	-	-	-	-
4700	Grants from federal through other agencies	-	-	-	-	-	-	-
4801	Federal forest fees	93,490	-	-	-	-	-	-
4802	Impact aid for operation	-	-	-	-	-	-	-
4899	Other federal revenue in lieu of taxes	-	-	-	-	-	-	-
4900	Federal revenue for/on behalf of district	-	-	-	-	-	-	-
Total revenue from federal sources		93,490	46,691	-	-	-	-	-
Revenue from other sources								
5100	Long term debt financing	-	-	-	-	-	-	-
5200	Interfund transfers	-	101,069	-	45,000	-	-	-
5300	Sale of fixed assets	-	-	-	-	-	-	-
5400	Beginning fund balance, after restatement	1,716,700	57,427	4,969	139,996	-	-	-
Total revenue other sources		1,716,700	158,496	4,969	184,996	-	-	-
Grand totals		\$ 4,136,893	\$ 236,030	\$ 33,744	\$ 186,022	\$ -	\$ -	\$ 26,624

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Budget Basis)
For the Year Ended
June 30, 2016

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	Passthrough Entity Identifying Number	Receipts	Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through Lake County, Oregon				
Schools and Roads-Grants to County	10.666	N/A	\$ 93,490	\$ 93,490
Total U.S. Department of Agriculture			<u>93,490</u>	<u>93,490</u>
<u>U.S. Department of Education</u>				
Passed through Oregon Department of Education				
Individuals with Disabilities Act, Enhancement	84.027	2063	1,155	1,155
Individuals with Disabilities Act, SPR & I	84.027	2063	321	321
Passed through Lake County ESD				
Individuals with Disabilities Act, Part B	84.027	N/A	16,392	16,392
<i>Total Individuals with Disabilities Act</i>			<u>17,868</u>	<u>17,868</u>
Direct Program				
Small Rural School Achievement Program	84.358A	N/A	28,823	28,823
Total U.S. Department of Education			<u>46,691</u>	<u>46,691</u>
Total federal assistance			<u><u>\$ 140,181</u></u>	<u><u>\$ 140,181</u></u>

LAKE COUNTY SCHOOL DISTRICT NO. 11
Paisley, Lake County, Oregon
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended
June 30, 2016

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Lake County School District No. 11 and is presented on the modified cash basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

REPORT REQUIRED BY OREGON STATE REGULATIONS

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Lake County School District No. 11
Paisley, Lake County, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lake County School District No.11 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lake County School District No.11's basic financial statements and have issued our report thereon dated November 30, 2016.

Compliance

As part of obtaining reasonable assurance about whether Lake County School District No.11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe Lake County School District No.11 was not in substantial compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-230 Internal Control

In planning and performing our audit of the financial statements, we considered Lake County School District No.11's internal control over financial reporting (internal control) 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 Lake County School District No.11's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake County School District No.11's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect misstatements and correct misstatements on a timely

basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the district's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Oregon Minimum Standards in considering the district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Oster Professional Group, CPA's, LLP

By 

Burns, Oregon
November 30, 2016

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Board of Directors
Lake County School District No. 11
Paisley, Lake County, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Lake County School District No. 11 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lake County School District No. 11's basic financial statements and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake County School District No. 11's internal control over financial reporting (internal control) 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 Lake County School District No. 11's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake County School District No. 11's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake County School District No. 11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Restricted Use

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the district's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

Oster Professional Group, CPA's, LLP

By 

Burns, Oregon
November 30, 2016