

**SOUTH LANE SCHOOL DISTRICT  
LANE COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

FINANCIAL REPORT  
For the Year Ended June 30, 2016

\*\*\*\*\*

This Page Intentionally Left Blank

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

BOARD OF EDUCATION AS OF JUNE 30, 2016

<u>NAME</u>	<u>TERM EXPIRES</u>
Tammy Hodgkinson, Chair	June 30, 2019
Sherry Duerst-Higgins, Vice-Chair	June 30, 2017
Taylor Wilhour	June 30, 2017
Merlene Martin	June 30, 2019
Alan Baas	June 30, 2017
Jerry Settlemeyer	June 30, 2019
Gary Mort	June 30, 2019

All board members receive mail at the address below

ADMINISTRATION

Krista Parent, Superintendent  
Phil Scrima, Business Manager

455 Adams Avenue  
Cottage Grove, Oregon 97424

This Page Intentionally Left Blank

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

TABLE OF CONTENTS

\*\*\*\*\*

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Management's Discussion and Analysis	i
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	9
Statement of Net Position – Proprietary Fund	10
Statement of Activities – Proprietary Fund	11
Statement of Cash Flows – Proprietary Fund	12
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position– Fiduciary Funds	13
Notes to the Basic Financial Statements	14
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Proportionate Share of the Net Pension Liability	35
Schedule of Contributions	35
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	36
Special Revenue Funds	37
Special Projects Funds	38
Debt Service Fund	39
Capital Projects Fund	40

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE NUMBER</u>
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: Internal Service Funds	41
Combining Schedule of Fiduciary Net Position – Private Purpose Trust Funds	42
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: Private Purpose Trust Funds	43
Schedule of Expenditures of Federal Awards	44
Schedule of Property Tax Transactions and Outstanding Balances General Fund	45
Debt Service Fund	46
<b><u>OTHER INFORMATION</u></b>	
Revenues by Function – All Funds	47
Expenditures by Function/Object – General Fund	48
Expenditures by Function/Object – Special Revenue Funds	49
Expenditures by Function/Object – Debt Service Funds	50
Expenditures by Function/Object – Capital Projects Funds	51
Expenditures by Function/Object – Internal Service Funds	52
Expenditures by Function/Object – Trust and Agency Funds	53
Supplemental Information – As Required by the Oregon Department of Education	54
Taxpayer Property Values by Year	55
Top Taxpayers in Lane County	56
<b><u>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS</u></b>	
Independent Auditors' Report Required by Oregon State Regulations	57
<b><u>GRANT COMPLIANCE REVIEW</u></b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	59
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With the Uniform Guidance	61
Schedule of Findings and Questioned Costs	63



PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 22, 2016

To the Board of Directors  
South Lane School District No. 45J3  
Lane County, Oregon

## INDEPENDENT AUDITORS' REPORT

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Lane School District No. 45J3, as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 basic financial statements.

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



## **Emphasis of a Matter**

The District adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Lane School District No. 45J3, 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 required supplemental information, as listed in the table of contents, 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 schedules of funding progress or employee contributions or management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have 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 them.

### **Reports on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 22, 2016 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports 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. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

The management of South Lane School District No. 45J3 (the District) presents this narrative overview to facilitate both a short- and long-term analysis of the financial activities of the District for the fiscal year ended June 30, 2016. This Management's Discussions and Analysis (MD&A) is based on current known facts, decisions and conditions that existed at the date of the independent auditor's report.

## FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities of the District exceeded its assets at June 30, 2016, by \$8,927,255. Of the Net Position presented, \$11,160,364 represents the District's investment in capital assets, \$130,176 is restricted for debt service, \$158,311 is restricted for special projects and the negative balance of \$20,376,106 is unrestricted and thus unavailable to meet the District's ongoing obligations. The District's change in net position for the year was a decrease of \$2,520,678.
- The District's governmental funds report a combined ending fund balance of \$4,298,960 at June 30, 2016, a decrease of \$2,619,816.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,916,861, which represents 7.6 percent of the total General Fund expenditures for the fiscal year ended June 30, 2016.
- On June 30, 2016, the District's total debt was \$40,053,292.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This following discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to financial statements

This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

The *Statement of Net Position* presents information on all of the District's assets and liabilities as of the date on the statement. Net position equals what assets remain after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed over the most recent fiscal year by tracking revenues, expenses, and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category as governmental activities. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation and administration. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

**Fund Financial Statements** The fund financial statements provide more detailed information about the District's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District maintains seven fund types: the General Fund, the Special Revenue Funds, the Special Projects Funds, the Debt Service Funds, the Capital Projects Funds, the Internal Service Fund and the Fiduciary Funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position** As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, liabilities exceed assets by \$8,927,255 on June 30, 2016.

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles and equipment, represent 82.3 percent of total assets. The remaining assets consist mainly of cash and investments, receivables and inventory.

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**, continued

The District's largest liability (85.4 percent) is for the repayment of long-term debt (general obligation bonds, Qualified Zone Academy Bonds, PERS bonds, and capital lease obligations). Current liabilities consist of the current portion of long-term debt, accrued interest, payables on accounts and payroll benefits.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). The District uses the capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

<b>STATEMENTS OF NET POSITION</b>		
<b>At June 30:</b>		
	<u>2016</u>	<u>2015</u>
Cash and investments	\$ 4,748,327	\$ 7,870,869
Receivables	1,657,989	1,232,432
Capital assets	29,918,251	29,039,146
Other assets	<u>35,271</u>	<u>1,578,639</u>
Total assets	<u>36,359,838</u>	<u>39,721,085</u>
Pension Related Deferred Outflows	3,031,762	-
Noncurrent liabilities	37,590,597	42,846,135
Other liabilities	<u>9,326,365</u>	<u>1,248,218</u>
Total liabilities	<u>46,916,962</u>	<u>44,094,353</u>
Pension Related Deferred Inflows	1,401,893	2,033,311
Net position:		
Invested in capital assets, net of related debt	11,160,364	8,134,634
Restricted debt service	130,176	422,278
Restricted for capital projects	158,311	1,654,911
Unrestricted	<u>(20,376,106)</u>	<u>(16,618,403)</u>
Total net position	<u>\$ (8,927,255)</u>	<u>\$ (6,406,579)</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**, continued

During the 2015-2016 fiscal year the District's change in net position was a decrease of \$2,520,678. The key elements of the decrease in the District's net position for the year ended June 30, 2016 are as follows:

- 2015-2016 instruction and related services expenses increased by \$3,492,002 and supporting services expenses increased by \$2,079,762.
- 2015-2016 charges for services decreased by \$642,317 and operating grants increased by \$354,075.

<b>STATEMENTS OF ACTIVITIES</b>		
<b>For the Year Ended June 30:</b>		
	<u>2016</u>	<u>2015</u>
<b>Program revenues:</b>		
Charges for services	\$ 539,260	\$ 1,181,577
Operating grants	3,483,795	3,129,720
<b>General revenues:</b>		
Taxes	8,119,953	8,047,263
State School Fund	18,407,463	19,874,954
Other state, county, and local sources	1,600,578	1,371,011
Earnings on investments	<u>784,032</u>	<u>55,906</u>
Total revenues	<u>32,935,081</u>	<u>33,660,430</u>
<b>Expenses:</b>		
Instruction and related services	18,386,269	14,894,267
Support services	13,357,522	11,277,760
Enterprise/Community services	1,922,584	1,449,318
Interest expense	1,789,384	1,739,653
Total expenses	<u>35,455,759</u>	<u>29,360,998</u>
Change in net position	(2,520,678)	4,299,431
Net position, beginning of year	<u>(6,406,577)</u>	<u>(10,706,011)*</u>
Net position, end of year	<u>\$ (8,927,255)</u>	<u>\$ (6,406,579)</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2016, the District's governmental funds reported combined ending fund balances of \$4,298,960.

*General Fund:* The General Fund is the chief operating fund of the District. As of June 30, 2016, unassigned fund balance was \$1,916,861. The unassigned fund balance represents 7.6 percent of the total General Fund expenditures.

*Special Revenue Fund:* This fund accounts for federal, state and local grants resources restricted for specific purposes. Revenues decreased by \$275,172.

*Special Projects Fund:* This fund accounts for local revenues and grants internally restricted for specific purposes such as food services, student body activities, child care, scholarships and other Board directed activities. Revenues decreased by \$76,242.

*Capital Projects Fund:* The Capital Projects Fund expended \$2,200,417 for various building improvements and energy savings projects throughout the district.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year all General Fund expenditures were within budget. Actual revenues from federal sources exceeded budgeted amounts while actual revenues from state sources were less than budgeted amounts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** The District's investment in capital assets includes land, buildings and improvements, site improvements, vehicles, and equipment. As of June 30, 2016, the District had total net capital assets of \$29,918,251.



SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION, continued**

<b>CAPITAL ASSETS (NET OF DEPRECIATION) June 30:</b>		
	<u>2016</u>	<u>2015</u>
Land and improvements	\$ 993,797	\$ 890,489
Buildings and improvements	27,981,245	27,135,106
Vehicles and equipment	<u>943,209</u>	<u>1,013,552</u>
 Total	 <u>\$ 29,918,251</u>	 <u>\$ 29,039,147</u>

**Long-term debt** At the end of the current fiscal year, the District had a total debt outstanding of \$40,053,292 consisting of general obligation bonds, Qualified Zone Academy Bonds, PERS Bonds, termination of benefits and capital leases.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 2016-2017**

The most significant economic factor for the District is the State of Oregon's State School Fund formula. The formula consists of a General Purpose Grant, a Transportation Grant and certain local revenues. For the year ended June 30, 2016, the State School Fund General Purpose Grant provided 57.1 percent of the District's total revenues and 72.8 percent of the District's General Fund revenues. The 2016-2017 State School Fund is expected to be slightly more than the 2015-2016 revenue.

Other economic factors to consider for the 2016-2017 fiscal year include increased need for support of full-day kindergartner program; planning for significant increase in PERS rates for 2017-2018, increase to minimum wage and sick leave pay out.

The District's early learning efforts are being funded with the award of two significant grants to increase student readiness. First, the KITS grant – Kids in Transition – supports a kindergartner readiness program. Second, the Pre-School Promise grant provides funding to add and support a pre-kindergartner classroom at each of two elementary schools.

In May of 2016, the District voter's passed a \$35.9 million general obligation bond to support the construction on a new elementary school; district-wide improvements including safety and security, pool and technology improvements and deferred maintenance.

Salary and benefit costs will increase for the 2016-2017 school year based on current contractual obligations and a slightly reduced school year calendar of up to four days. The classified contract will be renegotiated during 2016-2017. The licensed staff is scheduled to receive a modest increase in salaries of 0.75 percent based on the annual movement of the consumer price index. The administrative and supervisory staff is also eligible to receive an increase equal to the licensed staff.

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Year Ended June 30, 2016

Total student enrollment decreased in 2015-2016 and is expected to be flat or show modest growth in 2016-2017.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2016-2017 fiscal year. The District continues to use a significant amount of beginning fund balance to support the budget while maintaining a contingency reserve for catastrophic, unforeseen circumstances of \$1 million. This measured, steady approach along with improving economic conditions has enable the Board to adopt a budget that provides a full school year calendar, full-day kindergarten, and helps ensure that student academic performance will continue to improve.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 455 Adams, Cottage Grove, OR 97424.

This Page Intentionally Left Blank

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

## SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

## STATEMENT OF NET POSITION

June 30, 2016

ASSETS	
Cash and Investments	\$ 4,748,327
Accounts Receivable	967,544
Taxes Receivable	690,445
Inventory	35,271
Capital Assets:	
Non-depreciable	993,797
Depreciable, net of depreciation	<u>28,924,454</u>
Total Assets	36,359,838
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals	<u>3,031,762</u>
Total Assets and Pension Related Deferrals	<u>39,391,600</u>
LIABILITIES:	
Accounts Payable	305,859
Accrued Withholdings and Benefits	1,024,290
Accrued Interest Payable	36,424
Proportionate share of Net Pension Liability	5,497,097
Noncurrent Liabilities:	
Due within one year	2,462,695
Due in more than one year	<u>37,590,597</u>
Total Liabilities	46,916,962
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferrals	<u>1,401,893</u>
Total Liabilities and Pension Related Deferrals	<u>48,318,855</u>
NET POSITION:	
Net Investment in Capital Assets	11,160,364
Restricted:	
Debt Service	130,176
Special Projects	158,311
Unrestricted	<u>(20,376,106)</u>
Total Net Position	<u>\$ (8,927,255)</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 18,386,269	\$ 98,575	\$ 1,539,900	\$ (16,747,794)
Support Services	13,357,522	219,248	890,443	(12,247,831)
Enterprise/Community Services	1,922,584	221,437	1,053,452	(647,695)
Interest on Long-Term Debt	1,789,384	-	-	(1,789,384)
Total Governmental Activities	<u>\$ 35,455,759</u>	<u>\$ 539,260</u>	<u>\$ 3,483,795</u>	<u>(31,432,704)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	6,166,984
Property Taxes, Levied for Debt Service	1,952,969
State School Fund - General Support	18,407,463
Common School Fund	301,547
Other State, County, and Local Sources	1,299,031
Earnings on Investments	784,032

Total General Revenues	<u>28,912,026</u>
Changes in Net Position	(2,520,678)
Net Position – Beginning	<u>(6,406,577)</u>
Net Position – Ending	<u>\$ (8,927,255)</u>

See accompanying notes to basic financial statements

## SOUTH LANE SCHOOL DISTRICT NO. 45J3

## LANE COUNTY, OREGON

## BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUNDS	SPECIAL PROJECTS FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>ASSETS:</b>						
Cash and Investments	\$ 2,496,671	\$ -	\$ 1,547,779	\$ 125,675	\$ 416,734	\$ 4,586,859
Receivables:						
Property Taxes	476,601	-	-	213,844	-	690,445
Accounts	277,362	278,130	368,299	-	43,753	967,544
Inventory	-	-	35,271	-	-	35,271
Other Current Assets	-	-	-	-	-	-
Due from Other Funds	259,630	-	-	-	-	259,630
<b>Total Assets</b>	<b>\$ 3,510,264</b>	<b>\$ 278,130</b>	<b>\$ 1,951,349</b>	<b>\$ 339,519</b>	<b>\$ 460,487</b>	<b>\$ 6,539,749</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 131,865	\$ 5,370	\$ 13,541	\$ -	\$ 155,083	\$ 305,859
Accrued Withholdings and Benefits	1,019,871	-	4,419	-	-	1,024,290
Due to Other Funds	-	259,630	-	-	-	259,630
<b>Total Liabilities</b>	<b>1,151,736</b>	<b>265,000</b>	<b>17,960</b>	<b>-</b>	<b>155,083</b>	<b>1,589,779</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue - Property Taxes	441,667	-	-	209,343	-	651,010
<b>FUND BALANCES:</b>						
<b>Restricted:</b>						
Food Service	-	-	124,100	-	-	124,100
Reimbursable Costs	-	-	42,295	-	-	42,295
Student Body	-	-	391,349	-	-	391,349
Cool Schools	-	-	88,566	-	-	88,566
Child Dental Care	-	-	108,885	-	-	108,885
Other Fund Activities	-	-	158,311	-	-	158,311
Army Corps of Engineers	-	10,575	-	-	-	10,575
Reach Out Mentoring	-	-	36	-	-	36
Debt Service	-	-	-	130,176	-	130,176
Child Care	-	2,555	31,425	-	-	33,980
Wellness Program	-	-	6,491	-	-	6,491
Gear Up Scholarships	-	-	517,409	-	-	517,409
<b>Assigned:</b>						
Extended Learning	-	-	6,933	-	-	6,933
Textbooks	-	-	332	-	-	332
Technology	-	-	3,896	-	-	3,896
Community Recreation	-	-	38,932	-	-	38,932
Athletics	-	-	47,043	-	-	47,043
Other Fund Activities	-	-	63,149	-	-	63,149
Early Termination Benefits	-	-	304,237	-	-	304,237
Capital Projects	-	-	-	-	305,404	305,404
Unassigned	1,916,861	-	-	-	-	1,916,861
<b>Total Fund Balances</b>	<b>1,916,861</b>	<b>13,130</b>	<b>1,933,389</b>	<b>130,176</b>	<b>305,404</b>	<b>4,298,960</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,510,264</b>	<b>\$ 278,130</b>	<b>\$ 1,951,349</b>	<b>\$ 339,519</b>	<b>\$ 460,487</b>	<b>\$ 6,539,749</b>

See accompanying notes to basic financial statements



SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2016

Total Fund Balances - Governmental Funds		\$	4,298,960
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Internal service funds are used by management to charge the costs of retirement of the PERS bonds to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.			
			(24,880,146)
Capital assets are not financial resources and are not reported in the funds:			
Capital Assets	\$	47,216,054	
Accumulated Depreciation		<u>(17,297,803)</u>	29,918,251
Some assets will be collected after year end and are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:			
Property Taxes			651,010
Premiums and discounts are recognized in the funds in the year paid or received but are capitalized on the Statement of Net Position and amortized over the term of the bonds.			
Premiums		(1,070,603)	
Discounts		<u>185,560</u>	(885,043)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Accrued Interest Payable		(36,424)	
Governmental Bonds		(17,116,666)	
Capital Leases Payable		(570,618)	
Early Retirement		<u>(306,579)</u>	<u>(18,030,287)</u>
Total Net Position			<u>\$ (8,927,255)</u>

See accompanying notes to basic financial statements

## SOUTH LANE SCHOOL DISTRICT NO. 45J3

## LANE COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUNDS	SPECIAL PROJECTS FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
<b>REVENUES:</b>						
Local Sources						
Taxes	\$ 6,245,452	\$ -	\$ -	\$ 1,952,969	\$ -	\$ 8,198,421
Earnings From Investments	50,232	-	722,621	7,229	3,734	783,816
Other Local Sources	235,108	32	868,021	-	234,203	1,337,364
Intermediate Sources	387,039	-	512,541	-	-	899,580
State Sources	18,871,836	52,421	82,079	-	-	19,006,336
Federal Sources	136,805	1,537,158	1,172,339	-	-	2,846,302
<b>Total Revenues</b>	<b>25,926,472</b>	<b>1,589,611</b>	<b>3,357,601</b>	<b>1,960,198</b>	<b>237,937</b>	<b>33,071,819</b>
<b>EXPENDITURES:</b>						
Current:						
Instruction	14,526,436	1,292,801	1,293,610	-	-	17,112,847
Support Services	10,499,877	263,510	1,170,641	-	498,361	12,432,389
Enterprise/Community Services	-	31,821	1,757,606	-	-	1,789,427
Facilities Acquisition	-	-	57,344	-	1,702,056	1,759,400
Debt Service	33,313	-	139,242	2,457,736	-	2,630,291
<b>Total Expenditures</b>	<b>25,059,626</b>	<b>1,588,132</b>	<b>4,418,443</b>	<b>2,457,736</b>	<b>2,200,417</b>	<b>35,724,354</b>
Revenues Over, (Under) Expenditures	866,846	1,479	(1,060,842)	(497,538)	(1,962,480)	(2,652,535)
<b>Other Financing Sources, (Uses)</b>						
Lease Purchase Receipts	15,972	-	-	-	-	15,972
Sale of Capital Assets	16,747	-	-	-	-	16,747
Transfers In	9,991	-	1,462,500	205,436	550,000	2,227,927
Transfers Out	(2,084,602)	-	(143,325)	-	-	(2,227,927)
<b>Total Other Financing Sources, (Uses)</b>	<b>(2,041,892)</b>	<b>-</b>	<b>1,319,175</b>	<b>205,436</b>	<b>550,000</b>	<b>32,719</b>
Net Change in Fund Balance	(1,175,046)	1,479	258,333	(292,102)	(1,412,480)	(2,619,816)
Fund Balances, Beginning	3,091,907	11,651	1,675,056	422,278	1,717,884	6,918,776
Fund Balances, Ending	\$ 1,916,861	\$ 13,130	\$ 1,933,389	\$ 130,176	\$ 305,404	\$ 4,298,960

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 to the Statement of Activities  
 For the Year Ended June 30, 2016

Total Net Changes in Fund Balances - Governmental Funds \$ (2,619,816)

Amounts reported for governmental activities in the Statement of Activities are different because:

An internal service fund is used to charge the cost of retirement of the PERS bonds to individual funds. The change in net position is included with governmental activities in the Statement of Activities. (2,875,179)

Property taxes not collected within 60 days of year end are not reported as revenue in the funds. (78,468)

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital asset additions	1,998,993	
Depreciation expense	<u>(1,119,889)</u>	879,104

Bond premiums and discounts are recognized in the funds in the year paid or received but are capitalized on the Statement of Net Position and amortized over the term of the bonds:

Amortization of premiums and discounts (Net)		152,558
--	--	---------

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of long-term debt consumes current financial resources. Current period long-term debt transactions:

Proceeds of New Leases	(78,324)	
Principal payments on capital leases	152,071	
Principal payments on long-term debt	<u>1,888,334</u>	1,962,081

Governmental funds report the payment of early retirement benefits as expenditures; however, in the Statement of Activities the expense also includes the change in net present value of future cash flows.

71,521

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in accrued interest payable		<u>(12,479)</u>
------------------------------------	--	-----------------

Change in Net Position of Governmental Activities \$ (2,520,678)

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF NET POSITION – PROPRIETARY FUND  
June 30, 2016

	<u>INTERNAL SERVICE FUND</u>
	<u>PERS BOND FUND</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 161,468
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related Deferrals	3,031,762
Total assets	<u>3,193,230</u>
<b>LIABILITIES</b>	
Net Pension Obligation	<u>5,497,097</u>
Noncurrent Liabilities	
Due within one year	608,286
Due in more than one year, Net of Bond Discount	<u>20,566,100</u>
Total Liabilities	<u>26,671,483</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Deferrals	<u>1,401,893</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,073,376</u>
<b>NET POSITION</b>	
Unrestricted	<u>(24,880,146)</u>
Total Net Position	<u>\$ (24,880,146)</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES – PROPRIETARY FUND  
For the Year Ended June 30, 2016

	<u>INTERNAL SERVICE FUND</u>
	<u>PERS BOND FUND</u>
Operating Revenues	
Interfund Charges	\$ 1,844,941
Total Operating Revenues	<u>1,844,941</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	216
Interest Expense	(1,339,577)
Pension Expense	<u>(3,380,759)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,720,120)</u>
Change in Net Position	(2,875,179)
Net Position – Beginning	<u>(22,004,967)</u>
Net Position – Ending	<u>\$ (24,880,146)</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
For the Year Ended June 30, 2016

	INTERNAL SERVICE FUND
	<u>PERS BOND FUND</u>
Cash flows from operating activities	
Interfund charges	\$ 1,844,941
Cash flows from investing activities	
Earnings on investments	216
Cash flows from noncapital financing activities	
Principal paid on pension bonds	(606,683)
Interest paid on pension bonds	(1,339,577)
Net cash used by noncapital financing activities	(1,946,260)
Net increase in cash and cash equivalents	(101,103)
Cash and cash equivalents, beginning	262,571
Cash and cash equivalents, ending	\$ 161,468

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
June 30, 2016

		<u>PRIVATE PURPOSE TRUST FUNDS</u>
	ASSETS	
Cash and Investments		\$ 368,411
Total Assets		<u>368,411</u>
	LIABILITIES	
Accounts Payable		<u>95</u>
Total Liabilities		<u>95</u>
	NET POSITION	
Held in Trust for Scholarships		300,484
Held in Trust for Future Expenditures		<u>67,832</u>
Total Net Position		<u>\$ 368,316</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
For the Year Ended June 30, 2016

		<u>PRIVATE PURPOSE TRUST FUNDS</u>
	ADDITIONS	
Earnings on Investments		\$ 2,477
Total Additions		<u>2,477</u>
	DEDUCTIONS	
Scholarships Awarded		5,700
Instruction Services		11,275
Supporting Services		<u>829</u>
Total Deductions		<u>17,804</u>
Change in Net Position		(15,327)
Net Position – Beginning		<u>383,643</u>
Net Position – Ending		<u>\$ 368,316</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

South Lane School District 45J3 (The District), Lane County, Oregon, is a municipal corporation governed by an independently elected board consisting of seven directors and is legally separate from all other entities. It is organized under provisions of Oregon Revised Statutes Chapter 332 for the purpose of operating elementary and secondary schools. It is also financially independent of other state and local governmental units. It has the power to levy taxes, responsibility for its debts and entitlement to any surpluses.

For financial statement reporting purposes the reporting consists of the District, any organization for which it is financially accountable and any other organization that, because of the nature and significance of their relationship with the District, may not be excluded from the financial reporting.

Based on these criteria, the District is not a component of any other entity. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Government-wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the District as a whole.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All direct expenses are reported by function in the Statement of Activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.



SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Program revenues derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the general revenues and include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

Fiduciary Fund Activity is not included in the Government-wide Financial Statements.

Fund Financial Statements

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental Fund Types

Governmental funds are used to account for the general governmental activities. 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 as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

There are the following major governmental funds:

General Fund

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds

This fund accounts for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specific purposes.

Special Projects Funds

This fund accounts for revenues and expenditures not restricted from outside governments, including, but not limited to, food service, student body activities, and other special projects.

Debt Service Fund

This fund accounts for payments to retire the District's 2012 general obligation refunding bonds; resources to pay these bonds are from property tax revenue. This fund also pays the debt service on two Qualified Zone Activity Bonds which were used to finance improvements in technology services and energy savings projects. Resources are transfers from the General Fund and/or the Special Revenue Fund.

Capital Projects Fund

This fund accounts for financial resources used for the acquisition or construction of major facilities and other capital assets.

The District has one proprietary fund – the PERS Bond Fund – which levies charges to the various operating funds of the District to pay the debt service on bonds used to reduce the required contributions for employee pension costs. It is an internal service fund and the interfund charges, based on payroll, provide the resources to pay the debt on the bonds as it becomes due. Separate fund financial statements are provided for this fund and its transactions are included with the governmental activities in the government-wide financial statements.

The District has three private purpose trust funds. These account for resources received and held by the District in a fiduciary capacity. Disbursements from these funds are made in accordance with trust agreements and include the Student Trust Fund, Scholarship Fund and the Nurses Fund.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles in the United States of America requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Cash and Cash Equivalents

The 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.

Property Taxes

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Grants

Unreimbursed grant expenditures due from grantor agencies are recorded as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures that is to be carried over to the next fiscal year is recorded as a liability, unearned revenue.

Construction Excise Tax

Oregon Senate Bill 1036 was passed in 2007 and authorizes school districts to impose construction excise taxes to fund capital improvements to school facilities. The construction tax is imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure. The construction tax is \$1.20 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing. In addition, there is a construction tax of \$0.60 per square foot on structures or portions of structures intended for non-residential use. The maximum construction tax on structures intended for nonresidential use cannot exceed \$29,900 per building permit or \$29,900 per structure, whichever is less. The tax rates are adjusted for changes in construction costs. Agencies performing the collection function for the tax revenues may withhold up to 4 percent of amounts collected to cover administrative costs. The Oregon Department of Revenue determines the adjusted rate limitations and reports to the District. For the year ended June 30, 2016, the District collected \$67,073 in construction excise taxes.

Supply Inventories

All inventories are valued at cost (first-in, first-out method) and donated commodities are valued at their estimated fair market value. Inventories are recorded as expenditures when consumed rather than when purchased.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	20 to 60 years
Equipment	5 to 15 years
Buses and Other Vehicles	10 to 15 years

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Accrued Compensated Absences

It is policy to permit select employees to accumulate earned unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. The Accrued Compensated Absences balance is considered to be immaterial and is not shown in the financial statements.

Interfund Transactions

Outstanding balances between funds result mainly from the time lag between the accrual and payment of payroll and related benefit charges and the collection of receivables and are reported as due to/from other funds on the governmental fund balance sheet but are eliminated on the statement of net position.

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Operating transfers during the year ended June 30, 2016, are reported in the governmental funds but are eliminated in the government-wide financial statements.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. At June 30, 2016, there were deferred outflows of \$3,031,762 representing pension related deferrals reported in the statement of net position.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2016, there were deferred inflows of \$1,401,893 representing pension related deferrals reported in the statement of net position. The governmental funds balance sheet reported unavailable revenues of \$651,010 from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is restricted net position for debt service and special projects funds.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Fund Equity

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Superintendent and Business Manager have been granted the authority to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no nonspendable or committed fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

C. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

C. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (Continued)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for each governmental fund in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles in the United States of America except the property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is recorded as an expenditure rather than capitalized, depreciation is not recorded on capital assets and debt, and pension costs are not recorded as an expense until paid, accrued interest and OPEB expenses are expensed as paid instead of when incurred.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

Budget amounts shown in the basic financial statements include the original budget amounts and appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations except the amount budgeted for the General Fund Debt Service by \$16,234, and Transfers in the Special Projects Fund by \$9,991.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

3. CASH AND INVESTMENTS

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2016, \$262,246 of the bank balance of \$1,135,087 was insured by the FDIC and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes require deposits to be adequately covered by the federal depository insurance or deposited at an approved depository as identified by the Treasury.

Cash and Investments at June 30, 2016 consisted of:

Deposits with financial institutions:	\$	
Demand Deposits		754,010
Certificates of Deposit		65,000
Local Government Investment Pool		4,297,728
	\$	<u>5,116,738</u>

Presentation in the Basic Financial Statements:

Statement of Net Position	\$	4,748,327
Fiduciary Funds		368,411
	\$	<u>5,116,738</u>

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.



SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

---

3. CASH AND INVESTMENTS (Continued)

There were the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in months)</u>		
	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Local Government Investment Pool	\$ 4,297,728	\$ 4,297,728	\$ -
Total	<u>\$ 4,297,728</u>	<u>\$ 4,297,728</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Cottage Grove High School has held a CD since 1989 that matures every two years, but has been renewed at the time of each maturity date.

Credit Risk-Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk-Investments

At June 30, 2016, other than the high school CD mentioned above, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2016, the District appeared to be in compliance with all percentage restrictions.

4. ACCOUNTS RECEIVABLE

Accounts receivable are comprised primarily of claims for reimbursement of costs under various federal and state grant programs. Management estimates that all accounts are collectible and therefore, no allowance for doubtful accounts has been established.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2016, are as follows:

	Balance Beginning of Year	Additions	(Deletions)	Balance End of Year
Capital assets				
Land & Land Improvements	\$ 890,489	103,308	-	\$ 993,797
Buildings & Improvements	40,315,125	1,769,346	-	42,084,471
Equipment	1,317,335	102,449	-	1,419,784
Buses and other vehicles	2,764,273	23,890	(70,161)	2,718,002
Total	<u>45,287,222</u>	<u>1,998,993</u>	<u>(70,161)</u>	<u>47,216,054</u>
Accumulated Depreciation				
Buildings & Improvements	13,180,019	923,207	-	14,103,226
Equipment	957,470	63,470	-	1,020,940
Buses and other vehicles	2,110,586	133,212	(70,161)	2,173,637
Total	<u>16,248,075</u>	<u>1,119,889</u>	<u>(70,161)</u>	<u>17,297,803</u>
Total Net Capital Assets	<u>\$ 29,039,147</u>			<u>\$ 29,918,251</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 611,607
Support	\$ 444,329
Community Services	<u>\$ 63,953</u>
Total Depreciation Expense	<u>\$ 1,119,889</u>

6. RETIREMENT PLANS

PLAN DESCRIPTION

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

If the link is expired please contact Oregon PERS for this information.

a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

6. RETIREMENT PLANS (Continued)

PLAN DESCRIPTION (Continued)

- i. **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 (2.0 percent for police and fire employees, and 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 benefits results.
  - ii. **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 on or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. **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 (55 for police and fire members) when determining the monthly benefit.
  - iv. **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:  
*Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.  
*General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.  
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

6. RETIREMENT PLANS (Continued)

PLAN DESCRIPTION (Continued)

- ii. **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.
- iii. **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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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. The 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, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$2,179,417 excluding amounts to fund employer specific liabilities. In addition approximately \$36,025 in employee contributions were paid or picked up by the District in fiscal 2016.

PENSION ASSET OR LIABILITY

At June 30, 2016, the District reported a net pension liability of \$5,497,097 for its proportionate share of the net pension liability. The 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. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was .096 percent.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

---

6. RETIREMENT PLANS (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 296,431	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,152,316)
Net changes in proportionate share and differences between District contributions and proportionate share of contributions	555,914	(249,576)
Subtotal - Amortized deferrals (below)	852,345	(1,401,892)
District contributions subsequent to measurement date	2,179,417	-
Deferred outflow (inflow) of resources	\$ 3,031,762	\$ (1,401,892)

Subtotal amounts reported as deferred outflows of resources, \$852,345 and deferred inflow of resources, \$(1,401,892), net to \$(549,547) related to pension will be recognized in pension expense (income) as follows:

Year ending June 30,	Amount
2017	\$ (408,588)
2018	(408,588)
2019	(408,588)
2020	629,029
2021	47,187
Thereafter	-
Total	\$ (549,547)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financial.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx).

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service
Mortality	Healthy 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 and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

---

6. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

**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 the 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.

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability (asset)	\$ 13,267,040	\$ 5,497,097	\$(1,050,923)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers’ projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
NOTES TO BASIC FINANCIAL STATEMENTS

---

6. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

**Individual Account Program** - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees. The District contributed approximately \$36,025 for the year ended June 30, 2016.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

7. DEFERRED COMPENSATION PLAN

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

8. LONG-TERM DEBT

In March 2012, the District issued \$21,335,000 in general obligation bonds with coupon interest rates ranging from 2.0 percent to 5.0 percent. The District also received a bond premium of \$1,919,606 making the effective yield on the bonds from 0.28 percent to 2.73 percent. The net proceeds (after \$260,662 in various issuance costs and interest earned) were used to pay off the 2002 general obligation bonds on June 15, 2012.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$332,710. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2025 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over the next 13 years by \$3,965,850 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,348,606.

Qualified Zone Activity (QZA) bonds, proceeds used for improvements of technology services including fiber optic and telephone upgrades for all schools; principal and interest payable at 1.34 percent; final payment due May 18, 2023.



SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

**8. LONG-TERM DEBT (Continued)**

The District issued a second QZA bond in 2014, in the amount of \$2,000,000, to be used for repairing the school facilities and/or providing equipment for use at the District; principal and interest payments payable at 0 percent; final payment due August 28, 2029.

Limited Tax Pension Bonds (PERS Bonds), Series 2003, consisting of both current interest and deferred interest bonds, proceeds used to prepay the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System; the effective interest rates on the bonds range from 1.5 percent to 6.3 percent with the final payment due June 30, 2028.

The District has five capital lease obligations; the proceeds of two of the capital leases were used to purchase buses and the remaining leases were for copy machines and computer equipment. The effective interest rates on the capital lease obligations range from 3.3 percent to 10.28 percent and payments end at varying dates through 2020.

The following is a summary of long-term liability transactions for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GO Bonds - Series 2012	\$ 16,475,000	\$ -	\$ (1,690,000)	\$ 14,785,000	\$ 1,250,000
QZAB 2014	2,000,000		\$ (133,334)	\$ 1,866,666	\$ 133,334
QZAB 2008	530,000	-	(65,000)	465,000	65,000
Total	19,005,000	-	(1,888,334)	17,116,666	1,448,334
Premium	1,255,147	-	(184,544)	1,070,603	173,451
Deferred Costs	(217,546)	-	31,986	(185,560)	(30,063)
Total	1,037,601	-	(152,558)	885,043	143,388
PERS Bonds (Recorded in Internal Service Fund):					
Current Interest Bonds	11,845,000	-	-	11,845,000	-
Deferred Interest Bonds	13,210,000	-	(1,275,000)	11,935,000	1,375,000
Accretion of Discount	(3,273,931)	-	668,317	(2,605,614)	(766,714)
Total	21,781,069	-	(606,683)	21,174,386	608,286
Capital Lease Obligations	644,365	78,324	(152,071)	570,618	152,570
Termination Benefits	378,100	-	(71,521)	306,579	110,117
<b>Total Long-Term Liabilities</b>	<b>\$ 42,846,135</b>	<b>\$ 78,324</b>	<b>\$ (2,871,167)</b>	<b>\$ 40,053,292</b>	<b>\$ 2,462,695</b>

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM DEBT (Continued)

Future requirements to maturity are as follows:

QZAB 2008			QZAB 2014	
Fiscal Year Ending June 30,	Principal	Interest	Fiscal Year Ending June 30,	Principal
2017	\$ 65,000	\$ 6,231	2017	\$ 133,334
2018	65,000	5,360	2018	133,334
2019	65,000	4,489	2019	133,334
2020	65,000	3,618	2020	133,334
2021	65,000	2,747	2021	133,334
2022-2023	140,000	2,814	2022-2026	666,670
	<u>\$ 465,000</u>	<u>\$ 25,259</u>	2027-2030	533,326
				<u>\$ 1,866,666</u>

2012 General Obligation Bonds			PERS Bonds		
Fiscal Year Ending June 30,	Principal	Interest	Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 1,250,000	\$ 528,500	2017	\$ 1,375,000	\$ 1,437,974
2018	1,325,000	503,500	2018	1,480,000	1,544,830
2019	1,410,000	477,000	2019	1,585,000	1,654,340
2020	1,505,000	434,700	2020	1,695,000	1,767,976
2021	1,610,000	389,550	2021	1,810,000	1,887,309
2022-2025	7,685,000	928,850	2022-2026	11,360,000	5,777,944
	<u>\$ 14,785,000</u>	<u>\$ 3,262,100</u>	2027-2028	4,475,000	335,972
				<u>\$ 23,780,000</u>	<u>\$ 14,406,345</u>

The PERS bonds in this schedule include both current and deferred interest bonds.

SOUTH LANE SCHOOL DISTRICT 45J3  
 LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM DEBT (Continued)

Future capital lease payments are as follows:

Fiscal Year Ending June 30,		
2017	\$	168,856
2018		101,740
2019		101,740
2020		85,365
2021		82,230
2022		81,945
		<u>621,876</u>
Less interest		<u>(51,258)</u>
		<u>\$ 570,618</u>

Future termination benefits are as follows:

Fiscal Year Ending June 30,		
2017	\$	110,117
2018		93,362
2019		57,076
2020		<u>53,825</u>
		314,380
	Present Value Adjustment	<u>(7,801)</u>
		<u>\$ 306,579</u>

9. CHANGE IN FUND DESIGNATION

The District changed the designation of certain funds reported in the Special Revenue Fund and Special Projects Fund on this and the prior year basic financial statements. The combined beginning fund balance of the Special Revenue Fund and Special Projects Fund is equal to the total ending fund balance of the combined funds from the prior year.

10. TERMINATION BENEFITS

The District's collective bargaining agreements with certified personnel and administrators include provisions for early retirement benefits for personnel who have been regularly employed for a minimum of 15 consecutive years with the District. The early retirement options provide for the payment of monthly stipends, the term and amount of which depend upon the option selected as specified in the collective bargaining agreements. As of June 30, 2016, there were 0 former employees receiving a stipend.

Another option has been established to allow qualified employees who were not eligible for the original early retirement program (stipends or health care benefits) to be entitled to a one time stipend payment of \$5,000, upon retirement. As of June 30, 2016, 2 former employees received a one-time \$5,000 stipend upon retirement.

Employees who are eligible for full PERS benefits may elect early retirement and be provided with full health insurance benefits if they have not elected to receive stipends. The retiree and their spouse are provided this benefit for a term of ten years or until the loss of retiree and spouse eligibility. As of June 30, 2016, there were 21 former employees receiving health care benefits.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON  
 NOTES TO BASIC FINANCIAL STATEMENTS

---

10. TERMINATION BENEFITS (Continued)

The termination benefit liability of \$306,579 is measured at the discounted present value of expected future cash flows using a discount rate of 1.166 percent and a healthcare cost trend rate of 6.4 percent. This liability is not actuarially determined, but the District has recorded the full costs of future benefits. There is no trust established for the value of this liability. The benefits are to be paid through the fiscal year ending June 30, 2020. The District funds the obligation for these benefits on a current basis and the cost for the year ended June 30, 2016 and 2015 were \$192,339 and \$230,949, respectively.

This liability is recorded in the long-term debt, see Note 8.

11. COMMITMENTS AND CONTINGENCIES

Substantially all amounts received or receivable from grantor agencies are subject to audit and adjustments by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school funds revenue formula. Since these projections and pupil counts fluctuate they can cause either increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance to cover the risk of loss. During the last three years, settled claims for all risks have not exceeded covered limits. Also, there has been no reduction in coverage compared to the prior year.

13. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Amounts were comprised of the following

	Transfers Out	Transfers In	Interfund Receivable	Interfund Payable
General Fund	2,084,602	9,991	259,630	-
Debt Service Fund	-	205,436	-	-
Capital Projects	-	550,000	-	-
Special Projects	143,325	1,462,500	-	-
Special Revenue	-	-	-	259,630
	<u>\$ 2,227,927</u>	<u>\$ 2,227,927</u>	<u>\$ 259,630</u>	<u>\$ 259,630</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

**SOUTH LANE SCHOOL DISTRICT  
LANE COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**At June 30, 2016**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.10% %	\$ 5,497,097	\$ 15,072,780	36.5 %	91.9 %
2015	0.07%	(1,546,843)	14,766,855	(10.5)	103.6
2014	0.07%	3,482,469	13,303,946	26.2	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

**SCHEDULE OF CONTRIBUTIONS**

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 2,179,417	\$ 2,179,417	\$ -	\$ 15,615,031	14.0 %
2015	2,703,361	2,703,361	-	15,072,780	17.9
2014	2,638,102	2,638,102	-	14,766,855	17.9

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

## SOUTH LANE SCHOOL DISTRICT NO. 45J3

## LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	GENERAL FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 6,055,974	\$ 6,055,974	\$ 6,245,452	\$ 189,478
Earnings on Investments	40,000	40,000	50,232	10,232
Other Local Sources	204,500	204,500	235,108	30,608
Intermediate Sources	489,700	687,200	387,039	(300,161)
State Sources	19,656,248	19,656,248	18,871,836	(784,412)
Federal Sources	-	-	136,805	136,805
Total Revenues	<u>26,446,422</u>	<u>26,643,922</u>	<u>25,926,472</u>	<u>(717,450)</u>
EXPENDITURES:				
Instruction	14,877,412	15,074,912 (1)	14,526,436	548,476
Support Services	11,049,829	11,049,829 (1)	10,499,877	549,952
Debt Service	17,079	17,079 (2)	33,313	(16,234)
Contingency	1,000,000	1,000,000 (1)	-	1,000,000
Total Expenditures	<u>26,944,320</u>	<u>27,141,820</u>	<u>25,059,626</u>	<u>2,082,194</u>
Revenues Over, (Under) Expenditures	(497,898)	(497,898)	866,846	1,364,744
Other Financing Sources (Uses)				
Lease Purchase Receipts	35,000	35,000	15,972	(19,028)
Sale of Capital Assets	-	-	16,747	16,747
Transfers In	-	-	9,991	9,991
Transfers Out	(2,192,602)	(2,192,602) (2)	(2,084,602)	108,000
Total Other Financing Sources (Uses)	<u>(2,157,602)</u>	<u>(2,157,602)</u>	<u>(2,041,892)</u>	<u>115,710</u>
Net Change in Fund Balance	(2,655,500)	(2,655,500)	(1,175,046)	1,480,454
Prior Period Adjustment	-	-	-	-
Beginning Fund Balance	<u>2,655,500</u>	<u>2,655,500</u>	<u>3,091,907</u>	<u>436,407</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,916,861</u>	<u>\$ 1,916,861</u>

(1) - Appropriation Level

(2) - Budgeted as Debt Service/Transfers



## SOUTH LANE SCHOOL DISTRICT NO. 45J3

## LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>				
Local Sources	\$ -	\$ -	\$ 32	\$ 32
Intermediate Sources	-	-	-	-
State Sources	-	37,275	52,421	15,146
Federal Sources	1,968,714	2,071,974	1,537,158	(534,816)
<b>Total Revenues</b>	<b>1,968,714</b>	<b>2,109,249</b>	<b>1,589,611</b>	<b>(519,638)</b>
<b>EXPENDITURES:</b>				
Instruction	1,492,857	1,492,857 (1)	1,292,801	200,056
Support Services	477,290	480,700 (1)	263,510	217,190
Enterprise/Community Services	14,567	151,692 (1)	31,821	119,871
Facilities Acquisition	-	- (1)	-	-
<b>Total Expenditures</b>	<b>1,984,714</b>	<b>2,125,249</b>	<b>1,588,132</b>	<b>537,117</b>
Revenues Over, (Under) Expenditures	(16,000)	(16,000)	1,479	17,479
<b>Other Financing Sources (Uses)</b>				
Lease Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	- (1)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(16,000)</b>	<b>(16,000)</b>	<b>1,479</b>	<b>17,479</b>
<b>Beginning Fund Balance</b>	<b>16,000</b>	<b>16,000</b>	<b>11,651</b>	<b>(4,349)</b>
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,130</b>	<b>\$ 13,130</b>

(1) - Appropriation Level

## SOUTH LANE SCHOOL DISTRICT NO. 45J3

## LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

	<u>SPECIAL PROJECTS FUNDS</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Earnings on Investments	\$ 39,255	\$ 39,255	\$ 722,621	\$ 683,366
Other Local Sources	1,487,312	1,508,312	868,021	(640,291)
Intermediate Sources	298,000	326,000	512,541	186,541
State Sources	12,000	12,000	82,079	70,079
Federal Sources	1,099,000	1,419,704	1,172,339	(247,365)
<b>Total Revenues</b>	<b>2,935,567</b>	<b>3,305,271</b>	<b>3,357,601</b>	<b>52,330</b>
<b>EXPENDITURES:</b>				
Instruction	1,817,245	2,007,449 (1)	1,293,610	713,839
Support Services	1,194,333	1,315,333 (1)	1,170,641	144,692
Enterprise/Community Services	1,965,055	1,965,055 (1)	1,757,606	207,449
Facilities Acquisition	56,000	114,500 (1)	57,344	57,156
Debt Service	139,243	139,243 (2)	139,242	1
Contingency	130,056	130,056 (1)	-	130,056
<b>Total Expenditures</b>	<b>5,301,932</b>	<b>5,671,636</b>	<b>4,418,443</b>	<b>1,253,193</b>
Revenues Over, (Under) Expenditures	(2,366,365)	(2,366,365)	(1,060,842)	1,305,523
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,462,500	1,462,500	1,462,500	-
Transfers Out	(133,334)	(133,334) (2)	(143,325)	(9,991)
<b>Total Other Financing Sources (Uses)</b>	<b>1,329,166</b>	<b>1,329,166</b>	<b>1,319,175</b>	<b>(9,991)</b>
<b>Net Change in Fund Balance</b>	<b>(1,037,199)</b>	<b>(1,037,199)</b>	<b>258,333</b>	<b>1,295,532</b>
<b>Beginning Fund Balance</b>	<b>1,120,699</b>	<b>1,120,699</b>	<b>1,675,056</b>	<b>554,357</b>
<b>Ending Fund Balance</b>	<b>\$ 83,500</b>	<b>\$ 83,500</b>	<b>\$ 1,933,389</b>	<b>\$ 1,849,889</b>

(1) - Appropriation Level

(2) - Budgeted as Debt Service/Transfers

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
From Local Sources:				
Taxes	\$ 1,944,800	\$ 1,944,800	\$ 1,952,969	\$ 8,169
Earnings From Investments	7,500	7,500	7,229	(271)
Total Revenues	<u>1,952,300</u>	<u>1,952,300</u>	<u>1,960,198</u>	<u>7,898</u>
EXPENDITURES:				
Debt Service	<u>2,457,736</u>	<u>2,457,736 (1)</u>	<u>2,457,736</u>	<u>-</u>
Total Expenditures	<u>2,457,736</u>	<u>2,457,736</u>	<u>2,457,736</u>	<u>-</u>
Revenues Over, (Under) Expenditures	(505,436)	(505,436)	(497,538)	7,898
Other Financing Sources (Uses)				
Transfers In	<u>313,436</u>	<u>313,436</u>	<u>205,436</u>	<u>(108,000)</u>
Total Other Financing Sources (Uses)	<u>313,436</u>	<u>313,436</u>	<u>205,436</u>	<u>(108,000)</u>
Net Change in Fund Balance	(192,000)	(192,000)	(292,102)	(100,102)
Beginning Fund Balance	<u>600,000</u>	<u>600,000</u>	<u>422,278</u>	<u>(177,722)</u>
Ending Fund Balance	<u>\$ 408,000</u>	<u>\$ 408,000</u>	<u>\$ 130,176</u>	<u>\$ (277,824)</u>

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016

CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
From Local Sources:				
Earnings From Investments	\$ 6,000	\$ 6,000	\$ 3,734	\$ (2,266)
Construction Excise Tax	50,000	50,000	67,073	17,073
Rental Revenue	53,000	53,000	55,949	2,949
Other Local Sources	-	-	111,181	111,181
Total Revenues	<u>109,000</u>	<u>109,000</u>	<u>237,937</u>	<u>128,937</u>
<b>EXPENDITURES:</b>				
Support Services	801,000	653,000 (1)	498,361	154,639
Facilities Acquisition & Construction	1,798,000	1,846,000 (1)	1,702,056	143,944
Contingency	-	100,000 (1)	-	100,000
Total Expenditures	<u>2,599,000</u>	<u>2,599,000</u>	<u>2,200,417</u>	<u>398,583</u>
Revenues Over, (Under) Expenditures	(2,490,000)	(2,490,000)	(1,962,480)	527,520
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Net Change in Fund Balance	(1,940,000)	(1,940,000)	(1,412,480)	527,520
Beginning Fund Balance	<u>1,940,000</u>	<u>1,940,000</u>	<u>1,717,884</u>	<u>(222,116)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,404</u>	<u>\$ 305,404</u>

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016

INTERNAL SERVICE FUNDS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Interfund Charges	\$ 1,766,161	\$ 1,766,161	\$ 1,844,941	\$ 78,780
Earnings on Investments	100	100	216	116
Total Revenues	<u>1,766,261</u>	<u>1,766,261</u>	<u>1,845,157</u>	<u>78,896</u>
<b>EXPENDITURES:</b>				
Debt Service	1,946,261	1,946,261 (1)	1,946,260	1
Total Expenditures	<u>1,946,261</u>	<u>1,946,261</u>	<u>1,946,260</u>	<u>1</u>
Excess Revenues Over Expenditures (Under)	(180,000)	(180,000)	(101,103)	78,897
Net Change in Fund Balance	(180,000)	(180,000)	(101,103)	78,897
Beginning Fund Balance	<u>180,000</u>	<u>180,000</u>	<u>262,571</u>	<u>82,571</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	161,468	<u>\$ 161,468</u>
Reconciliation to financial statements:				
Deferred Outflows of Resources			3,031,762	
Propoportionate Share of Net Pension Laibility			(5,497,097)	
Deferred Inflows of Resources			(1,401,893)	
Long-Term liabilities payable in one year			(608,286)	
Long-Term liabilities payable after one year, net of bond discount			<u>(20,566,100)</u>	
Net Position – End of Year			<u>\$ (24,880,146)</u>	

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
For the Year Ended June 30, 2016

	<u>STUDENT TRUST</u>	<u>HIGH SCHOOL SCHOLARSHIP</u>	<u>NURSES</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Investments	\$ 59,451	\$ 300,484	\$ 8,476	\$ 368,411
Total Assets	<u>59,451</u>	<u>300,484</u>	<u>8,476</u>	<u>368,411</u>
<u>LIABILITIES</u>				
Accounts Payable	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
<u>NET POSITION</u>				
Held in trust for future expenditures	<u>59,451</u>	<u>300,484</u>	<u>8,381</u>	<u>368,316</u>
Total Net Position	<u>\$ 59,451</u>	<u>\$ 300,484</u>	<u>\$ 8,381</u>	<u>\$ 368,316</u>



## SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended June 30, 2016

PRIVATE PURPOSE TRUST FUNDS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Earnings from Investments	\$ 1,940	\$ 1,940	\$ 2,477	\$ 537
Contributions	2,000	2,000	-	(2,000)
Total Revenues	<u>3,940</u>	<u>3,940</u>	<u>2,477</u>	<u>(1,463)</u>
<b>EXPENDITURES:</b>				
Instruction Services	38,700	38,700 (1)	11,275	27,425
Support Services	10,040	10,040 (1)	829	9,211
Enterprise Services	15,000	15,000 (1)	5,700	9,300
Contingency	318,200	318,200 (1)	-	318,200
Total Expenditures	<u>381,940</u>	<u>381,940</u>	<u>17,804</u>	<u>364,136</u>
Net Change in Fund Balance	(378,000)	(378,000)	(15,327)	362,673
Beginning Fund Balance	<u>378,000</u>	<u>378,000</u>	<u>383,643</u>	<u>5,643</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,316</u>	<u>\$ 368,316</u>

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY OREGON  
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS  
For the Year Ended June 30, 2016

GRANTS

Program Title	Pass Through Organization	Federal CFDA Number	Pass Through Entity Number	Period Covered	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Education:</b>						
Title I, Part A Cluster	Oregon Department of Education	84.010	36080	07/01/15-09/30/16	\$ 640,813	
	Oregon Department of Education	84.010	32689	07/01/14-09/30/15	37,376	
Total Title 1, Part A Cluster					678,189	n/a
Title IIA - Teacher Quality	Oregon Department of Education	84.367	36277	07/01/15 - 09/30/16	\$ 88,135	
	Oregon Department of Education	84.367	33013	07/01/14 - 09/30/15	21,292	
Total Title IIA - Teacher Quality					109,427	n/a
Special Education Cluster	Oregon Department of Education	84.027	36971	07/01/15 - 09/30/16	\$ 445,257	
	Oregon Department of Education	84.027	33384	07/01/14 - 09/30/15	6,448	
	Oregon Department of Education	84.027	37999	07/01/15 - 06/30/16	1,607	
	Oregon Department of Education	84.027	38437	10/01/15 - 09/30/16	5,247	
	Oregon Department of Education	84.027	33811	10/01/14 - 09/30/15	3,703	
	Oregon Department of Education	84.027	35805	07/01/15 - 09/30/16	900	
	Oregon Department of Education	84.173	33538	07/01/15 - 09/30/16	3,329	
Total Special Education Cluster					466,491	n/a
Carl D. Perkins - Basic	Lane Educational Service District	84.048	N/A	07/01/15 - 06/30/16	\$ 22,631	
Total Carl D. Perkins - Basic					22,631	n/a
Youth Transition Program	Lane Educational Service District	84.126A	N/A	07/01/15 - 06/30/16	\$ 33,793	
Total Youth Transition Program					33,793	n/a
Gear Up Program - Regular	Oregon University System	84.334	ED159A-R	07/01/15 - 06/30/16	\$ 19,155	
Total Gear Up Program - Regular					19,155	n/a
Total U.S. Department of Education					1,329,687	n/a
<b>U.S. Department of Labor:</b>						
WIA Cluster	US Department of Labor	17.259	20401/31021-mod2	07/01/15 - 06/30/16	\$ 122,437	
	Bureau of Land Management	17.259	1083	08/01/15 - 07/31/16	12,814	
	Bureau of Land Management	17.259	1126	06/01/15 - 09/07/16	15,664	
	US Army Corps of Engineers	17.259	W9127N-11-2-0001-0004	08/26/14 - 06/30/16	7,771	
	US Army Corps of Engineers	17.259	W9127N-11-2-0001-0003	08/26/13 - 06/30/15	1,551	
Total WIA Cluster					160,237	n/a
Total U.S. Department of Labor					160,237	n/a
<b>U.S. Department of Health &amp; Human Services:</b>						
Child Care and Development Block Grant	Oregon Employment Department	93.575	9980	07/01/15 - 06/30/16	\$ 29,555	
Total U.S. Department of Health & Human Services					29,555	n/a
<b>U.S. Department of Agriculture:</b>						
Child Nutrition Cluster:						
Donated Commodities (Non-Cash Assistance)	Oregon Department of Education	10.553/555	N/A	07/01/15 - 06/30/16	\$ 92,648	
School Breakfast Program	Oregon Department of Education	10.553	N/A	07/01/15 - 06/30/16	253,498	
National School Lunch Program	Oregon Department of Education	10.555	N/A	07/01/15 - 06/30/16	655,491	
Farm to School	Oregon Department of Education	10.575	N/A	07/01/15 - 06/30/16	27,568	
Equipment Grants	Oregon Department of Education	10.579	N/A	07/01/15 - 06/30/16	54,355	
Fresh Fruit and Vegetable Program	Oregon Department of Education	10.582	N/A	07/01/15 - 06/30/16	87,869	
Total Child Nutrition Cluster					1,171,429	n/a
Umpqua Forest	Umpqua National Forest	10.679	13-PA-11061500-008-2	08/21/13 - 12/31/17	\$ 710	
Umpqua Forest	Umpqua National Forest	10.679	13-PA-11061500-008-1	08/21/13 - 12/31/17	16,687	n/a
Secure Rural Schools	Bureau of Land Management	15.234	13-PA-11061500-008-1	09/20/12 - 09/19/17	\$ 1,192	
					18,589	n/a
Federal Forest Fees	Oregon Department of Education	10.665	N/A	07/01/14 - 06/30/15	\$ 136,805	n/a
Total U.S. Department of Agriculture					1,326,824	n/a
<b>Total Grants Expended or Passed Through to Subrecipients</b>					<b>2,846,302</b>	<b>n/a</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<b>\$ 2,846,302</b>	

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED - GENERAL FUND  
For the Year Ended June 30, 2016

GENERAL FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/15	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16
<u>LANE COUNTY</u>						
CURRENT:						
2015-16	\$ 6,426,866	\$ 166,102	\$ (40,225)	\$ 2,209	\$ 6,049,265	\$ 173,483
PRIOR:						
2014-15	166,826	(149)	(9,476)	5,044	62,359	100,184
2013-14	94,377	(31)	(11,651)	5,502	27,299	60,960
2012-13	63,942	(38)	(11,668)	6,499	19,971	38,840
2011-12	42,591	(2)	(13,102)	3,997	11,087	22,401
PRIOR:	94,836	(7)	(14,422)	2,323	3,169	79,574
Total Prior	462,572	(227)	(60,319)	23,364	123,884	301,960
Total General Fund	\$ 6,889,438	\$ 165,875	\$ (100,544)	\$ 25,573	\$ 6,173,149	\$ 475,443

DOUGLAS COUNTY

CURRENT:						
2015-16	\$ 12312	\$ 307	\$ (23)	\$ 7	\$ 11,496	\$ 493
PRIOR:						
2014-15	516	-	(18)	18	222	294
2013-14	254	-	(5)	18	93	174
2012-13	174	-	(20)	26	86	94
2011-12	97	-	(15)	22	59	45
PRIOR:	70	-	(8)	7	11	58
Total Prior	1,111	-	(66)	91	471	665
Total General Fund	\$ 13,423	\$ 307	\$ (89)	\$ 98	\$ 11,967	\$ 1,158

RECONCILIATION TO REVENUE:		GENERAL FUND
Cash Collections by County Treasurer Above		\$ 6,185,116
Accrual of Receivables:		
June 30, 2015		(22,016)
June 30, 2016		14,258
Taxes in lieu		68,094
Total Revenue		\$ 6,245,452

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED - DEBT SERVICE FUND  
For the Year Ended June 30, 2016

DEBT SERVICE FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/15</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/16</u>
<u>LANE COUNTY</u>						
CURRENT:						
2015-16	\$ 2,030,324	52,474	\$ (13,339)	\$ 698	\$ 1,910,403	\$ 54,806
PRIOR:						
2014-15	27,649	(50)	26,468	1,681	20,786	35,062
2013-14	46,368	(10)	(1,991)	1,834	9,100	37,122
2012-13	33,042	(13)	(2,687)	2,166	6,657	25,877
2011-12	20,936	(1)	6,657	1,332	3,696	25,230
PRIOR:	41,646	(2)	(5,996)	774	1,056	35,371
Total Prior	169,641	(76)	22,451	7,788	41,295	158,662
Total D.S. Fund	\$ 2,199,965	\$ 52,398	\$ 9,112	\$ 8,486	\$ 1,951,698	\$ 213,468

DOUGLAS COUNTY

CURRENT:						
2015-16	\$ 3,895	\$ 97	\$ (7)	\$ 2	\$ 3,637	\$ 156
PRIOR:						
2014-15	177	-	(11)	6	74	98
2013-14	107	-	(24)	6	31	58
2012-13	62	-	(11)	9	29	31
2011-12	38	-	(10)	7	20	15
PRIOR:	29	-	(8)	2	4	19
Total Prior	413	-	(64)	30	158	221
Total D.S. Fund	\$ 4,308	\$ 97	\$ (71)	\$ 32	\$ 3,795	\$ 377

RECONCILIATION TO REVENUE:		<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer Above		\$ 1,955,493
Accrual of Receivables:		
June 30, 2015		(7,339)
June 30, 2016		4,501
Taxes in lieu		314
Total Revenue		\$ 1,952,969

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

OTHER INFORMATION

This Page Intentionally Left Blank

**2015 - 16 DISTRICT AUDIT REVENUE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
<b>Revenue from Local Sources</b>							
1110 Ad Valorem Taxes Levied by District	\$6,193,757		\$1,952,970				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$67,073			
1190 Penalties and Interest on Taxes	\$51,695						
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State	\$98,575						
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State							
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$50,232	\$523	\$7,228	\$3,734		\$216	\$2,478
1600 Food Service		\$221,437					
1700 Extracurricular Activities		\$885,853					
1800 Community Services Activities		\$20,690					
1910 Rentals				\$55,949			
1920 Contributions and Donations From Private Sources		\$318,474					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$6,916						
1970 Services Provided Other Funds						\$1,844,941	
1980 Fees Charged to Grants	\$12,881						
1990 Miscellaneous	\$116,735	\$143,697		\$111,182			
<b>Total Revenue from Local Sources</b>	<b>\$6,530,791</b>	<b>\$1,590,674</b>	<b>\$1,960,197</b>	<b>\$237,938</b>	<b>\$0</b>	<b>\$1,845,157</b>	<b>\$2,478</b>
<b>Revenue from Intermediate Sources</b>							
2101 County School Funds	\$20,066						
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue	\$366,973	\$512,541					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$387,039</b>	<b>\$512,541</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from State Sources</b>							
3101 State School Fund - General Support	\$18,407,463						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$301,547						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$162,827	\$134,501					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$18,871,836</b>	<b>\$134,501</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Federal Sources</b>							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$2,587,295					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		\$29,555					
4801 Federal Forest Fees	\$136,805						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$92,648					
<b>Total Revenue from Federal Sources</b>	<b>\$136,805</b>	<b>\$2,709,498</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Other Sources</b>							
5100 Long Term Debt Financing Sources	\$15,972						
5200 Interfund Transfers	\$9,991	\$1,462,500	\$205,436	\$550,000			
5300 Sale of or Compensation for Loss of Fixed Assets	\$16,747						
5400 Resources - Beginning Fund Balance	\$3,091,907	\$1,686,707	\$422,278	\$1,717,884		\$262,571	\$383,643
<b>Total Revenue from Other Sources</b>	<b>\$3,134,617</b>	<b>\$3,149,207</b>	<b>\$627,714</b>	<b>\$2,267,884</b>	<b>\$0</b>	<b>\$262,571</b>	<b>\$383,643</b>
<b>Grand Totals</b>	<b>\$29,061,088</b>	<b>\$8,096,421</b>	<b>\$2,587,911</b>	<b>\$2,505,821</b>	<b>\$0</b>	<b>\$2,107,728</b>	<b>\$386,121</b>

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 100 General Fund**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
<b>Instruction Expenditures</b>								
1111 Elementary, K-5 or K-6	\$4,952,108	\$3,453,607	\$1,418,032	\$21,740	\$58,730			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$2,251,593	\$1,535,625	\$652,335	\$8,708	\$54,924			
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$3,742,045	\$2,566,471	\$1,089,672	\$18,223	\$65,977	\$927	\$775	
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$1,791	\$1,500	\$291					
1220 Restrictive Programs for Students with Disabilities	\$2,254,102	\$1,445,396	\$608,784	\$192,794	\$7,127			
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$1,126,474			\$1,124,553	\$1,921			
1291 English Second Language Programs	\$198,323	\$125,842	\$71,030	\$307	\$1,145			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$14,526,436</b>	<b>\$9,128,440</b>	<b>\$3,840,144</b>	<b>\$1,366,325</b>	<b>\$189,825</b>	<b>\$927</b>	<b>\$775</b>	<b>\$0</b>
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$387,621	\$276,209	\$111,412					
2130 Health Services	\$156,702	\$107,265	\$46,989	\$1,109	\$1,339			
2140 Psychological Services	\$284,406	\$196,669	\$85,499	\$227	\$2,011			
2150 Speech Pathology and Audiology Services	\$274,561	\$194,183	\$78,864	\$0	\$730		\$785	
2160 Other Student Treatment Services	\$210,890			\$210,890				
2190 Service Direction, Student Support Services	\$133,916	\$76,660	\$38,236	\$16,891	\$2,129			
2210 Improvement of Instruction Services	\$200,790	\$128,008	\$68,904	\$1,269	\$2,353		\$255	
2220 Educational Media Services	\$225,883	\$143,144	\$66,927	\$7,038	\$8,775			
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$13,765			\$2,669	\$1,886		\$9,210	
2320 Executive Administration Services	\$342,436	\$199,426	\$96,193	\$40,613	\$5,371		\$833	
2410 Office of the Principal Services	\$2,451,153	\$1,701,729	\$749,424	\$0				
2490 Other Support Services - School Administration	\$0			\$0				
2510 Direction of Business Support Services	\$0			\$0				
2520 Fiscal Services	\$423,685	\$196,996	\$99,101	\$96,323	\$5,578	\$15,972	\$9,715	
2540 Operation and Maintenance of Plant Services	\$2,541,228	\$875,967	\$519,300	\$832,372	\$89,552		\$224,038	
2550 Student Transportation Services	\$2,050,646	\$1,028,680	\$598,557	\$57,411	\$304,721	\$13,900	\$47,376	
2570 Internal Services	\$0						\$0	
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$303,274	\$172,873	\$84,936	\$21,437	\$23,397		\$630	
2660 Technology Services	\$498,920	\$277,227	\$133,877	\$87,241	\$575		\$0	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$10,499,876</b>	<b>\$5,575,036</b>	<b>\$2,778,219</b>	<b>\$1,375,490</b>	<b>\$448,418</b>	<b>\$29,872</b>	<b>\$292,842</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>								
5100 Debt Service	\$33,313						\$33,313	
5200 Transfers of Funds	\$2,084,602							\$2,084,602
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$2,117,915</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,313</b>	<b>\$2,084,602</b>
<b>Grand Total</b>	<b>\$27,144,227</b>	<b>\$14,703,476</b>	<b>\$6,618,363</b>	<b>\$2,741,815</b>	<b>\$638,242</b>	<b>\$30,799</b>	<b>\$326,930</b>	<b>\$2,084,602</b>



**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 200 Special Revenue Funds**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Elementary, K-5 or K-6		\$76,411	\$50,109	\$12,058	\$2,765	\$10,479			
1113 Elementary Extracurricular		\$154,740			\$51,880	\$100,678		\$2,202	
1121 Middle/Junior High Programs		\$4,774	\$4,003	\$746		\$25			
1122 Middle/Junior High School Extracurricular		\$67,885			\$460	\$67,284		\$140	
1131 High School Programs		\$58,201	\$18,585	\$3,227	\$1,066	\$35,323			
1132 High School Extracurricular		\$928,445	\$258,058	\$42,015	\$118,271	\$414,308		\$95,793	
1140 Pre-Kindergarten Programs		\$13,469	\$5,945	\$4,646	\$728	\$2,149			
1210 Programs for the Talented and Gifted		\$2,071	\$1,188	\$157	\$564	\$162			
1220 Restrictive Programs for Students with Disabilities		\$488,828	\$275,547	\$212,786	\$494	\$1			
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Treatment and Habilitation		\$0							
1271 Remediation		\$11,872	\$9,724	\$1,521	\$627				
1272 Title I		\$643,276	\$396,017	\$226,739	\$2,395	\$18,125			
1280 Alternative Education		\$137,438	\$93,596	\$40,455		\$3,387			
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
<b>Total Instruction Expenditures</b>		<b>\$2,586,410</b>	<b>\$1,112,772</b>	<b>\$544,350</b>	<b>\$179,231</b>	<b>\$651,922</b>	<b>\$0</b>	<b>\$98,136</b>	<b>\$0</b>
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services		\$213,424	\$86,326	\$30,262	\$91,424	\$5,412			
2120 Guidance Services		\$0							
2130 Health Services		\$161,326	\$46,141	\$25,485	\$73,656	\$16,044			
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$1,419	\$1,061	\$210		\$148			
2210 Improvement of Instruction Services		\$416,661	\$126,737	\$48,347	\$5,849	\$235,728			
2220 Educational Media Services		\$4,796		\$4,796					
2230 Assessment & Testing		\$47,496	\$24,558		\$17,828	\$5,110			
2240 Instructional Staff Development		\$63,959	\$13,754	\$2,178	\$43,071	\$4,955			
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$0							
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$12,881						\$12,881	
2540 Operation and Maintenance of Plant Services		\$0							
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$0							
2630 Information Services		\$105,416	\$46,323	\$25,838	\$14,407	\$11,580		\$7,268	
2640 Staff Services		\$26,527	\$20,279	\$3,959	\$1,491	\$799			
2660 Technology Services		\$124,687			\$2,951	\$109,765		\$11,971	
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$63,221	\$17,754	\$3,228	\$15,661	\$13,601		\$12,977	
2700 Supplemental Retirement Program		\$192,339		\$192,339					
<b>Total Support Services Expenditures</b>		<b>\$1,434,151</b>	<b>\$382,933</b>	<b>\$336,643</b>	<b>\$266,337</b>	<b>\$403,141</b>	<b>\$0</b>	<b>\$45,097</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services		\$1,415,988	\$513,701	\$311,363	\$31,051	\$535,990	\$18,256	\$5,625	
3200 Other Enterprise Services		\$0							
3300 Community Services		\$373,442	\$102,513	\$35,284	\$227,639	\$8,006			
3500 Custody and Care of Children Services		\$0							
<b>Total Enterprise and Community Services Expenditures</b>		<b>\$1,789,428</b>	<b>\$616,214</b>	<b>\$346,647</b>	<b>\$258,690</b>	<b>\$543,996</b>	<b>\$18,256</b>	<b>\$5,625</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$57,344					\$57,344		
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>		<b>\$57,344</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,344</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service		\$139,242						\$139,242	
5200 Transfers of Funds		\$143,325							\$143,325
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
<b>Total Other Uses Expenditures</b>		<b>\$282,567</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$139,242</b>	<b>\$143,325</b>
<b>Grand Total</b>		<b>\$6,149,900</b>	<b>\$2,111,919</b>	<b>\$1,227,640</b>	<b>\$704,258</b>	<b>\$1,599,058</b>	<b>\$75,600</b>	<b>\$288,100</b>	<b>\$143,325</b>

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 300 Debt Service Funds**

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$2,457,736						\$2,457,736	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$2,457,736	\$0	\$0	\$0	\$0	\$0	\$2,457,736	\$0
<b>Grand Total</b>	<b>\$2,457,736</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,457,736</b>	<b>\$0</b>

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 400 Capital Projects Funds**

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$498,361	\$1,507	\$187	\$262,643	\$218,097	\$14,242	\$1,685	
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$498,361</b>	<b>\$1,507</b>	<b>\$187</b>	<b>\$262,643</b>	<b>\$218,097</b>	<b>\$14,242</b>	<b>\$1,685</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$139,606					\$139,606		
4150 Building Acquisition, Construction, and Improvement Services	\$1,562,450					\$1,560,430	\$2,020	
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$1,702,056</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,700,036</b>	<b>\$2,020</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$2,200,417</b>	<b>\$1,507</b>	<b>\$187</b>	<b>\$262,643</b>	<b>\$218,097</b>	<b>\$1,714,278</b>	<b>\$3,705</b>	<b>\$0</b>

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY**  
**SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 500 Enterprise Funds**

<b>Instruction Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0								
1113 Elementary Extracurricular	\$0								
1121 Middle/Junior High Programs	\$0								
1122 Middle/Junior High School Extracurricular	\$0								
1131 High School Programs	\$0								
1132 High School Extracurricular	\$0								
1140 Pre-Kindergarten Programs	\$0								
1210 Programs for the Talented and Gifted	\$0								
1220 Restrictive Programs for Students with Disabilities	\$0								
1250 Less Restrictive Programs for Students with Disabilities	\$0								
1260 Treatment and Habilitation	\$0								
1271 Remediation	\$0								
1272 Title I	\$0								
1280 Alternative Education	\$0								
1291 English Second Language Programs	\$0								
1292 Teen Parent Program	\$0								
1293 Migrant Education	\$0								
1294 Youth Corrections Education	\$0								
1299 Other Programs	\$0								
1300 Adult/Continuing Education Programs	\$0								
1400 Summer School Programs	\$0								
<b>Total Instruction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0								
2120 Guidance Services	\$0								
2130 Health Services	\$0								
2140 Psychological Services	\$0								
2150 Speech Pathology and Audiology Services	\$0								
2160 Other Student Treatment Services	\$0								
2190 Service Direction, Student Support Services	\$0								
2210 Improvement of Instruction Services	\$0								
2220 Educational Media Services	\$0								
2230 Assessment & Testing	\$0								
2240 Instructional Staff Development	\$0								
2310 Board of Education Services	\$0								
2320 Executive Administration Services	\$0								
2410 Office of the Principal Services	\$0								
2490 Other Support Services - School Administration	\$0								
2510 Direction of Business Support Services	\$0								
2520 Fiscal Services	\$0								
2540 Operation and Maintenance of Plant Services	\$0								
2550 Student Transportation Services	\$0								
2570 Internal Services	\$0								
2610 Direction of Central Support Services	\$0								
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0								
2630 Information Services	\$0								
2640 Staff Services	\$0								
2660 Technology Services	\$0								
2670 Records Management Services	\$0								
2690 Other Support Services - Central	\$0								
2700 Supplemental Retirement Program	\$0								
<b>Total Support Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0								
3200 Other Enterprise Services	\$0								
3300 Community Services	\$0								
3500 Custody and Care of Children Services	\$0								
<b>Total Enterprise and Community Services Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0								
4120 Site Acquisition and Development Services	\$0								
4150 Building Acquisition, Construction, and Improvement Services	\$0								
4180 Other Capital Items	\$0								
4190 Other Facilities Construction Services	\$0								
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0								
5200 Transfers of Funds	\$0								
5300 Apportionment of Funds by ESD	\$0								
5400 PERS UAL Bond Lump Sum	\$0								
<b>Total Other Uses Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Grand Total</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 600 Internal Service Funds**

<b>Instruction Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6		\$0							
1113 Elementary Extracurricular		\$0							
1121 Middle/Junior High Programs		\$0							
1122 Middle/Junior High School Extracurricular		\$0							
1131 High School Programs		\$0							
1132 High School Extracurricular		\$0							
1140 Pre-Kindergarten Programs		\$0							
1210 Programs for the Talented and Gifted		\$0							
1220 Restrictive Programs for Students with Disabilities		\$0							
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Treatment and Habilitation		\$0							
1271 Remediation		\$0							
1272 Title I		\$0							
1280 Alternative Education		\$0							
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
<b>Total Instruction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Support Services Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		\$0							
2120 Guidance Services		\$0							
2130 Health Services		\$0							
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$0							
2210 Improvement of Instruction Services		\$0							
2220 Educational Media Services		\$0							
2230 Assessment & Testing		\$0							
2240 Instructional Staff Development		\$0							
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$0							
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$0							
2540 Operation and Maintenance of Plant Services		\$0							
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$0							
2630 Information Services		\$0							
2640 Staff Services		\$0							
2660 Technology Services		\$0							
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$0							
2700 Supplemental Retirement Program		\$0							
<b>Total Support Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Enterprise and Community Services Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		\$0							
3200 Other Enterprise Services		\$0							
3300 Community Services		\$0							
3500 Custody and Care of Children Services		\$0							
<b>Total Enterprise and Community Services Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Facilities Acquisition and Construction Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$0							
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Uses Expenditures</b>		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$1,946,260						\$1,946,260	
5200 Transfers of Funds		\$0							
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
<b>Total Other Uses Expenditures</b>		\$1,946,260	\$0	\$0	\$0	\$0	\$0	\$1,946,260	\$0
<b>Grand Total</b>		\$1,946,260	\$0	\$0	\$0	\$0	\$0	\$1,946,260	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
SOUTH LANE SCHOOL DISTRICT 45J3**

**Fund: 700 Trust and Agency Funds**

<b>Instruction Expenditures</b>								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$2,225		\$2,225					
1131 High School Programs	\$0							
1132 High School Extracurricular	\$9,050		\$8,000			\$1,050		
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$11,275</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,225</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,050</b>	<b>\$0</b>
<b>Support Services Expenditures</b>								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$829		\$675	\$154				
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$829</b>	<b>\$0</b>	<b>\$0</b>	<b>\$675</b>	<b>\$154</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Enterprise and Community Services Expenditures</b>								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$5,700		\$5,700					
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$5,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Facilities Acquisition and Construction Expenditures</b>								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Uses Expenditures</b>								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$17,804</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,600</b>	<b>\$154</b>	<b>\$0</b>	<b>\$1,050</b>	<b>\$0</b>

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SUPPLEMENTAL INFORMATION  
 As Required by The Oregon Department of Education  
 For the Year Ended June 30, 2016

---

A.	Energy bills for heating - all funds:		<u>Objects 325 and 326</u>
		Function 2540	\$ 521,286
		Function 2550	16,491
B.	Replacement of equipment - General Fund:		
	Include all General Fund expenditures in Object 542, except for the following exclusions:		<u>Amount</u>
	Exclude these functions:		
	1113, 1122 & 1132	Co-curricular activities 4150	Construction \$ 15,972
	1140	Pre-kindergarten 2550	Pupil transportation
	1300	Continuing education 3100	Food service
	1400	Summer school 3300	Community services

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

TAXPAYER PROPERTY VALUES BY YEAR

For the Six Years Ended June 30,

Fiscal Year	Lane County		Douglas County		Total District	
	Real Market Value	AV Used to Calculate Rates	Real Market Value	AV Used to Calculate Rates	Real Market Value	AV Used to Calculate Rates
2016	\$1,742,561,930	\$1,395,551,996	\$3,437,002	\$2,702,157	\$1,745,998,932	\$1,398,254,153
2015	1,630,531,426	1,335,326,342	3,301,806	2,608,978	1,633,833,232	1,337,935,320
2014	1,548,310,373	1,286,426,813	2,864,457	2,170,090	1,551,174,830	1,288,596,903
2013	1,503,540,483	1,245,736,175	3,054,477	2,073,423	1,506,594,960	1,247,809,598
2012	1,571,060,889	1,241,341,323	3,007,987	2,121,018	1,574,068,876	1,243,462,341
2011	1,628,483,048	1,213,407,398	3,060,713	2,081,328	1,631,543,761	1,215,488,726

Permanent Tax Rate            \$4.7532 per \$1,000 of Assessed Value



## SOUTH LANE SCHOOL DISTRICT NO. 45J3

## LANE COUNTY, OREGON

## TOP TAXPAYERS IN LANE COUNTY

For the Year Ended June 30, 2016

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
International Paper (IP Eat Three LLC)	Wood Products	\$415,572	\$238,680,589	0.78%
Comcast Corporation	Telecommunications	3,328,032	181,325,100	0.60%
Valley River Center LLC	Retail/Commercial	2,002,869	117,328,763	0.39%
Shepard Investment Group LLC	Apartments	1,786,434	100,789,869	0.33%
Verizon Communications	Telecommunications	1,608,907	101,624,000	0.33%
Century Link	Telecommunications	1,451,632	93,289,000	0.31%
Northwest Natural Gas Co.	Natural Gas Utility	1,379,528	95,996,500	0.32%
CCC-Eugene LLC	Counseling Services	1,249,689	66,539,333	0.22%
Weyerhaeuser Company	Wood Products	1,246,121	136,769,619	0.45%
McKay Investment Company LLC	Property Management	1,132,135	62,751,584	0.21%
Subtotal - ten of County's largest taxpayers			1,195,094,357	3.92%
All other County's largest taxpayers			29,269,157,766	96.08%
Total County			30,464,252,123	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the District and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amount paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits

This Page Intentionally Left Blank

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

This Page Intentionally Left Blank



PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 22, 2016

### Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the South Lane School District No. 45J3 as of and for the year ended June 30, 2016, and have issued our report thereon dated December 22, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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 basic financial statements 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.**

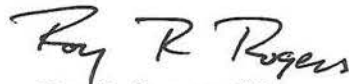
In connection with our testing nothing came to our attention that caused us to believe the South Lane School District No. 45J3 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Expenditures exceeded budgeted appropriations as described on page 21.

#### OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

This report is intended solely for the information and use of the Board of Directors and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

SOUTH LANE SCHOOL DISTRICT NO. 45J3  
LANE COUNTY, OREGON

GRANT COMPLIANCE REVIEW

This Page Intentionally Left Blank





PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 22, 2016

To the Board of Education  
South Lane School District No. 45J3  
Lane County, Oregon

INDEPENDENT AUDITORS' 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*

We have audited, in accordance with the 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, the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of South Lane School District No. 45J3 as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 22, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of 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*.

## **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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 22, 2016

To the Board of Education  
South Lane School District No. 45J3  
Lane County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Report on Compliance for Each Major Federal Program**

We have audited South Lane School District No. 45J3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2016. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, South Lane School District No. 45J3, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

---

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

    Material weakness(es) identified?  yes  no

    Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

    Material weakness(es) identified?  yes  no

    Significant deficiency(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**IDENTIFICATION OF MAJOR PROGRAMS**

**CFDA NUMBER      NAME OF FEDERAL PROGRAM CLUSTER**

10.553, 10.555,      Child Nutrition Cluster  
10.556, 10.559

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

SOUTH LANE SCHOOL DISTRICT 45J3  
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

---

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:**

None

**SECTION IV – PRIOR FINANCIAL STATEMENT FINDINGS:**

None

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.