

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd Ave.
Tigard, OR 97223

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

FINANCIAL REPORT

For the Year Ended June 30, 2016

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

2015-2016
FINANCIAL REPORT

BOARD OF EDUCATION

TERM EXPIRES

Nancy Burnett

June 30, 2019

Tim Warden

June 30, 2019

Tony Stroda

June 30, 2017

Robert Warden

June 30, 2017

Jennifer Gamache

June 30, 2017

ADMINISTRATION

Russell Pickett, Superintendent
Christine Manley, Administrative Assistant/Deputy Clerk
Corinne Klein, Business Manager

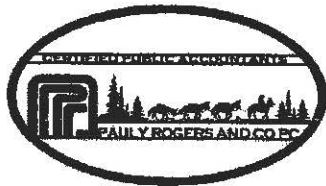
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MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

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October 31, 2016

To the Board of Directors
Monroe School District No. 1J
Benton County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe School District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 31, 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.

A handwritten signature in black ink, appearing to read "Kenny Allen". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kenny Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

Monroe School District 1J
MONROE, OREGON
MANAGEMENT DISCUSSION & ANALYSIS
June 30, 2016

The business manager of Monroe School District 1J (the District) has prepared this summary and analysis of the financial activities of the District for the fiscal year July 1, 2015, through June 30, 2016. It was prepared in response to the requirements outlined in U.S. Governmental Accounting Standards Board Statement 34.

FINANCIAL HIGHLIGHTS

The following chart compares the District's Net Position, Ending Fund Balances (EFB,) and Debt as of June 30, 2016, and as of the prior fiscal year end, June 30, 2015:

<u>Description</u>	<u>As of 06-30-15</u>	<u>As of 06-30-16</u>	<u>Increase/(Decrease)</u>
Net Position	167,861	(1,395,504)	(1,563,365)
EFB:Governmental	888,950	659,527	(229,423)
EFB:General Fund	492,225	340,793	(151,432)
Total Debt	1,747,886	1,693,103	(54,783)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's Annual Financial Report. It consists of the following components:

- 1) Government-wide financial statements
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

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

1) Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the District's finances in a manner similar to a private-sector business. These include:

A. Statement of Net Assets compares the District's assets to its liabilities. Net assets are those remaining after the liabilities have been paid off or otherwise satisfied. Comparing year-to-year increases or decreases in net assets may indicate trends in the District's financial condition. Beginning in the 2014-15 fiscal year, the beginning net position was adjusted and restated to reflect judicially imposed changes to the Oregon Public Employees Retirement System (PERS.) These changes require that retirement bond debt be included as governmental fund liabilities unlike prior years when they were not included in the net position calculation.

B. Statement of Activities shows how the net assets of the District changes from year to year by tracking revenue, expense, and other transactions that affect net assets.

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 instruction, food service, maintenance, administration and other support functions. These activities are primarily financed through the Oregon State School Fund, property taxes, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 4 and 5 of the annual financial report.

Current year and prior year comparative amounts for the School's Government-Wide financial statements are as follows:

Net Position Governmental Activities			
Assets	<u>2015</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>
Current Assets:			
Cash and Investments	\$ 966,988	\$ 793,109	(173,879)
Accounts Receivable	175,897	165,443	(10,454)
Supply Inventory	28,554		(28,554)
Noncurrent Assets:			
Capital Assets, net	1,174,545	1,217,783	43,238
Note Receivable	146,711	139,500	(7,211)
Net Pension Asset	<u>770,138</u>	<u>0</u>	<u>(770,138)</u>
Total Assets	\$3,262,833	\$2,315,835	(946,998)
Deferred Outflows		358,122	358,122
Liabilities			
Current liabilities:			
Accounts Payable	\$ 16,611	\$ 20,453	3,842
Payroll Liabilities	173,512	204,062	30,550
Long Term Liabilities:			
Due within one year	54,783	57,228	2,445
Due in more than one year	1,693,103	1,635,875	(57,228)
Net Pension Liabilities		<u>1,712,224</u>	<u>1,712,224</u>
Total liabilities	\$ 1,938,009	\$3,629,842	1,691,833
Deferred Inflows			
Pension Items	1,156,963	439,619	(717,344)
Net Position			
Net investment, capital assets	892,793	955,883	63,090
Restricted	15,745	977	(14,768)
Unrestricted	<u>(740,677)</u>	<u>(2,352,364)</u>	<u>(1,611,687)</u>
Total net position	\$ 167,861	(\$1,395,504)	(1,563,365)

The Net Pension Asset became a Net Pension Liability due to the Supreme Court's Moro decision which struck down a number of planned cost saving reforms in the PERS system.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to insure and demonstrate compliance with legal financial requirements.

Governmental funds. The focus of the District's governmental funds section is to provide information on relatively short-term cash flow and funding for future basic services in order to assess 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.

As of June 30, 2015, the District's major and non-major governmental funds reported combined ending fund balances (EFB) of \$888,950. As of June 30, 2016, those funds had a combined ending fund balance of \$659,527, a decrease of \$229,423. This decrease is primarily due to unanticipated cost over-runs relative to purchasing, site preparation and installation of modular buildings on both the Monroe High School and Monroe Grade School campuses. These capital projects were necessary to address the District's need for increased classroom space at each site.

General Fund 100

Fund 100 is the District's major operating fund.

Beginning fund balance:	\$ 492,225
Revenue:	\$ 4,811,484
Expenditures:	(\$ 4,828,201)
Sale of Assets	\$ 7210
Transfers to other funds:	(\$ 141,925)
Ending fund balance:	\$ 340,793

Special Revenue Fund 200

Fund 200 accounts for federal grants and other projects supported by restricted revenue. In 2015/16 the 200 Fund ended the year with a negative balance primarily due to a number of expenditures that were deemed unallowable against specific grants.

Beginning fund balance:	\$ 10,568
Revenue:	\$ 164,065
Expenditures:	(\$ 175,382)
Transfers In	\$ 0
Ending fund balance:	(\$ 749)

Food Service Fund 205

Fund 205 accounts for food services provided at the District's two campus cafeterias. Each participates in the National School Lunch and Breakfast Programs. A summer food program is operated at the Monroe Grade School site offering no-cost meals to children.

Beginning fund balance:	\$ 5,177
Revenue:	\$ 200,846
Transfer from General Fund	\$ 64,925
Expenditures:	(\$ 269,971)
Ending fund balance:	\$ 977

SB1149 Fund 225

Fund 225 accounts for revenues generated by Oregon Senate Bill 1149, which was passed in 1999 and became law on March 1, 2002, under the Energy Efficient Schools Program. This program requires General Electric and Pacific Power to collect a 3% "Public Purpose charge be distributed to schools within their service areas for the purpose of implementing energy efficiency measures. The District's SB1149 funds are dedicated to Fund 302, the SELP Loan Fund to repay the cost of HVAC improvements.

Beginning fund balance:	\$ 6,556
Revenue:	\$ 12,065
Expenditures:	(\$ 0)
Transfers to other Funds:	(\$ 15,000)
Ending fund balance:	\$ 3,621

CAPITAL ASSET 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, 2015, the District had \$1,174,545 invested in capital assets, net of depreciation.

As of June 30, 2016, the District had \$1,217,783 invested in capital assets, net of depreciation.

Long Term Debt:

As of June 30, 2015, the District had a total bonded principal debt outstanding of \$1,747,886, consisting of Small-scale Energy Loan Program (SELP) debt, and pension bond debt.

As of June 30, 2016, the District had a total bonded principal debt outstanding of \$1,693,103 consisting of Small-scale Energy Loan Program (SELP) debt, and pension bond debt.

Additional details of the District's obligations may be found in the Notes to the Basic Financial Statements, Note 7, page 26.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's most significant economic factor is the State of Oregon's State School Fund (SSF) formula. It consists of a General Purpose grant, a Transportation Grant, and certain special grants.

For the year ended June 30, 2015, the SSF provided \$3,509,526, or 73.3% of the District's total General Fund revenues. For the year ended June 30, 2016, the SSF provided \$3,515,324, or 73.0% of the District's total General Fund revenues.

This represents an actual increase of \$5,798 in revenue.

The District's Budget Committee and Board of Directors considered all of these factors, to the extent they were available, while preparing the District's 2016/17 budget.

REQUESTS FOR INFORMATION

This report is intended to provide patrons of the District (taxpayers, students, parents, creditors, and other interested parties) with a general overview of the District's financial activity and position. This report was prepared by Corinne A. Klein, who was business manager of Monroe School District 1J from the 1993-94 through 2015-16 fiscal years, but will retire from the district December 31, 2016. If there are any questions about this report, please contact the new business manager of Monroe School District 1J at the district office which is located at 365 N. 5th Street, Monroe, OR 97456. Telephone (541) 847-6292 Fax (541) 847-6290 e-mail jennifer.ryun@monroe.k12.or.us

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities
ASSETS:	
Current Assets:	
Cash and Investments	\$ 793,109
Accounts Receivable	165,443
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	1,217,783
Note Receivable	139,500
TOTAL ASSETS	2,315,835
DEFERRED OUTFLOWS:	
Pension Items	358,122
LIABILITIES:	
Current Liabilities:	
Accounts Payable	20,453
Payroll Liabilities	204,062
Bonds and notes due in one year	57,228
Long Term Liabilities:	
Bonds and notes due in more than one year	1,635,875
Net Pension Liability	1,712,224
TOTAL LIABILITIES	3,629,842
DEFERRED INFLOWS:	
Pension Items	439,619
NET POSITION:	
Net Investment in Capital Assets	955,883
Restricted	977
Unrestricted	(2,352,364)
TOTAL NET POSITION	\$ (1,395,504)

See accompanying notes to basic financial statements.

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OTHER GOVERNMENTAL	TOTAL
\$ 41,600	\$ 793,109
-	38,624
-	74,510
11,045	90,933
-	139,500
<u>\$ 52,645</u>	<u>\$ 1,136,676</u>

\$ -	\$ 20,453
6,854	38,624
-	204,062
<u>6,854</u>	<u>263,139</u>

-	74,510
-	139,500
-	214,010

977	977
-	273,692
3,621	3,621
38,790	38,790
1,938	1,938
334	334
131	131
-	340,044
<u>45,791</u>	<u>659,527</u>
<u>\$ 52,645</u>	<u>\$ 1,136,676</u>

See accompanying notes to basic financial statements.

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OTHER		TOTAL	
GOVERNMENTAL			
\$	214,519	\$	1,477,568
	-		14,538
	2,042		3,621,811
	151,610		383,616
	<u>368,171</u>		<u>5,497,533</u>
	207,196		2,972,043
	2,030		2,155,648
	269,971		269,971
	45,977		45,977
	29,472		175,554
	29,855		114,973
	<u>584,501</u>		<u>5,734,166</u>
	(216,330)		(236,633)
	-		7,210
	158,925		158,925
	<u>(17,000)</u>		<u>(158,925)</u>
	<u>141,925</u>		<u>7,210</u>
	(74,405)		(229,423)
	<u>120,196</u>		<u>888,950</u>
\$	<u>45,791</u>	\$	<u>659,527</u>

See accompanying notes to basic financial statements.

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Monroe School District 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 District's accounting policies are described below.

Reporting Entity

The District was organized under provisions of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. The Monroe School District is a municipal corporation governed by an elected five member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The District does not have any component units.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared 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 the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions".

Program Revenues included in the Statement of Activities 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 District's general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. 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.

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Additionally, the District reports the following fund type:

Debt Service Fund – This fund accounts for principal and interest payments toward a loan to finance the replacement of the boiler at Monroe High School.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents and Investments

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.

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 up on 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

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Supply Inventories (Continued)

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Commodities on hand at year end are recorded as deferred revenue. As a result, fund balance on the balance sheet has not been reserved for inventories of donated commodities.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	20-50 years
Office, athletic, maintenance, tools, machinery and other equipment	10 years
Kitchen Service Equipment	15 years
Playground Equipment	20 years
Vehicles	20 years

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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

Compensated Absences

The District has a policy which permits employees to accumulate unused sick leave at the rate of one day per month of service over their working careers. The District does not compensate employees for unused accumulations upon termination of employment. All vacation pay is accrued in the government-wide statements. Compensated absences are generally liquidated by the general fund, special revenue fund, food service fund and athletic fund.

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Net Position

Net Position is comprised of the various net earnings from operations, non-operating 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 Net Position – consists of external constraints placed on the net position used by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of all other items that are not included in the above categories.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America basis, except capital outlay expenditures are expensed when purchased, debt is recorded as an expense when paid, tax revenue is recorded when received, inventories are budgeted as expenditures when purchased, and depreciation is not recorded. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2016 except for the following overexpenditures: \$10,671 of Enterprise and Community Services in the Food Service Fund, \$2,030 of Support Services, and \$8,532 of Facilities Acquisition in the Construction Excise Tax Fund.

Use of Estimates

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

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONT.)

Investments (Continued)

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.

Cash and Investments at June 30, 2016 (recorded at fair value) consisted of:

Demand Deposits:

Checking	\$ 289,529
Petty Cash	800
Investments	<u>502,781</u>
 Total	 <u>\$ 793,109</u>

There are the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
Local Government Investment Pool	\$ 502,781	\$ 502,781	\$ -
Total	\$ 502,781	\$ 502,781	\$ -

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. There are no investments that have a maturity date beyond three months.

Credit Risk

Oregon Revised Statutes does 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/Deposit Risk

At June 30, 2016, 100% was invested in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. 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.

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$391,546. Of this amount, \$250,000 was insured by the FDIC and the remainder was collateralized by the State of Oregon.

MONROE SCHOOL DISTRICT NO. 1J
BENTON 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 June 30, 2015	Adjustments	Additions	Deletions	Balance June 30, 2016
Land	\$ 50	\$ -	\$ -	\$ -	\$ 50
Total Non-Depreciable	50	-	-	-	50
Buildings & Improvements	3,664,242	-	128,241	-	3,792,483
Equipment	490,937	-	26,453	-	517,390
Total Depreciable	4,155,179	-	154,694	-	4,309,873
Accumulated Depreciation:					
Buildings & Improvements	2,816,091	-	67,651	-	2,883,742
Equipment	164,593	-	43,805	-	208,398
Total Accumulated Depreciation	2,980,684	-	111,456	-	3,092,140
Net Capital Assets	\$ 1,174,545				\$ 1,217,783

Depreciation was allocated to the functions as follows:

Instruction	\$ 61,368
Support Services	44,513
Community Services	5,575
Total Depreciation	\$ 111,456

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONT.)

- 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
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.
- 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 \$265,790, excluding amounts to fund employer specific liabilities. In addition approximately \$141,197 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 \$1,712,224 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 December 31, 2013, the District's proportion was .03 percent.

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONT.)

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% COLA 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.

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.

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Long Term Debt Consists of the following items:

Oregon Limited Pension Bond Series 2002 – On October 31, 2002 the District issued \$1,738,361 of Limited Tax Pension Bonds, Series 2002. The proceeds were used to pay off the outstanding PERS debt. Interest is payable at various times with interest rates ranging from 2.06% to 6.10%. Principal is due on June 30th of each year.

Small Scale Local Energy (SELP) Loan – On March 15, 2012 the District acquired a loan for the purpose of meeting debt service costs of an HVAC project, which will replace the boiler at Monroe High School. Revenues collected from Pacific Power and Light Company as a result of Senate Bill 1149 legislation are used to meet the debt service cost. Principal and interest is due monthly and the interest rate is 3.5%.

Changes in long-term debt were as follows:

	Oustanding July 1, 2015	Additions	Deductions	Oustanding June 30, 2016	Balance Due Within One Year
Oregon Limited Pension Bond, Series 2002	\$ 1,466,134	\$ -	\$ (34,931)	\$ 1,431,203	\$ 36,643
SELP Loan	281,752	-	(19,852)	261,900	20,585
Total Long-Term Debt	<u>\$ 1,747,886</u>	<u>\$ -</u>	<u>\$ (54,783)</u>	<u>\$ 1,693,103</u>	<u>\$ 57,228</u>

Future maturities of Flexfund Certificates and Bonds Payable as of June 30, 2016 are as follows:

	SELP Loan		Oregon Limited Pension Bond Series 2002		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2016-17	\$ 20,585	\$ 8,887	\$ 36,643	\$ 119,439	\$ 57,228	\$ 128,326
2017-18	21,317	8,155	36,027	125,055	57,344	133,210
2018-19	22,076	7,396	37,212	133,870	59,288	141,266
2019-20	22,842	6,630	36,321	139,761	59,163	146,391
2020-21	23,673	5,799	115,000	71,082	138,673	76,881
2021-2025	131,601	15,759	830,000	242,826	961,601	258,585
2025-2029	19,806	8,298	340,000	24,975	359,806	33,273
Totals	<u>\$ 261,900</u>	<u>\$ 60,924</u>	<u>\$ 1,431,203</u>	<u>\$ 857,008</u>	<u>\$ 1,693,103</u>	<u>\$ 917,932</u>

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. NEGATIVE ENDING FUND BALANCE

The Special Revenue Fund ended with a negative ending fund balance of \$749. The District plans to increase future revenues in this fund to eliminate the negative balance.

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

MONORE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

For the fiscal year ended 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	0.03 %	\$ 1,712,224	\$ 2,219,419	77.1 %	91.9 %
2015	0.03	(770,138)	2,222,446	(34.7)	103.6
2014	0.03	1,733,842	2,206,309	78.6	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	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	\$ 265,790	\$ 265,790	\$ -	\$ 2,386,242	11.1 %
2015	331,315	331,315	-	2,219,419	14.9
2014	335,445	335,445	-	2,222,446	15.1

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

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

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

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

	<u>SPECIAL REVENUE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
1000 Local Sources	\$ 8,526	\$ 9,214	\$ 6,252	\$ (2,962)
2000 Intermediate Sources	3,336	3,336	2,675	(661)
3000 State Sources	2,500	12,500	5,126	(7,374)
4000 Federal Sources	132,400	146,401	150,012	3,611
Total Revenues	146,762	171,451	164,065	(7,386)
EXPENDITURES:				
1000 Instruction	144,365	163,054 (1)	155,908	7,146
2000 Support Services	16,677	22,677 (1)	19,474	3,203
Total Expenditures	161,042	185,731	175,382	10,349
Excess of Revenues Over, -Under Expenditures	(14,280)	(14,280)	(11,317)	2,963
Other Financing Sources, - Uses:				
Transfers In	14,280	14,280	-	(14,280)
Total Other Financing Sources, -Uses	14,280	14,280	-	(14,280)
Net Change in Fund Balance	-	-	(11,317)	(11,317)
Beginning Fund Balance	-	-	10,568	10,568
Ending Fund Balance	\$ -	\$ -	\$ (749)	\$ (749)

(1) Appropriation Level

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

SUPPLEMENTARY INFORMATION

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

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

	<u>PERS UAL FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
1000 Local Sources	<u>\$ 141,083</u>	<u>\$ 141,083</u>	<u>\$ 153,813</u>	<u>\$ 12,730</u>
Total Revenues	<u>141,083</u>	<u>141,083</u>	<u>153,813</u>	<u>12,730</u>
EXPENDITURES:				
5000 Debt Service	<u>146,083</u>	<u>146,083 (1)</u>	<u>146,082</u>	<u>1</u>
Total Expenditures	<u>146,083</u>	<u>146,083</u>	<u>146,082</u>	<u>1</u>
Net Change in Fund Balance	<u>(5,000)</u>	<u>(5,000)</u>	<u>7,731</u>	<u>12,731</u>
Beginning Fund Balance	<u>275,000</u>	<u>275,000</u>	<u>265,961</u>	<u>(9,039)</u>
Ending Fund Balance	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ 273,692</u>	<u>\$ 3,692</u>

(1) Appropriation Level

CONSTRUCTION EXCISE TAX FUND	TOTAL
------------------------------------	-------

\$ -	\$ 41,600
4,046	11,045
<u>\$ 4,046</u>	<u>\$ 52,645</u>

<u>\$ 2,108</u>	<u>\$ 6,854</u>
2,108	6,854

\$ 977	\$ 977
1,938	44,814
<u>1,938</u>	<u>45,791</u>

<u>\$ 4,046</u>	<u>\$ 52,645</u>
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CONSTRUCTION EXCISE TAX	
FUND	TOTAL
\$ 23,975	\$ 214,519
-	2,042
-	151,610
23,975	368,171
-	207,196
2,030	2,030
-	269,971
75,832	75,832
-	29,472
77,862	584,501
(53,887)	(216,330)
-	158,925
(2,000)	(17,000)
(2,000)	141,925
(55,887)	(74,405)
57,825	120,196
\$ 1,938	\$ 45,791

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET

For the Year Ended June 30, 2016

	<u>PUBLIC PURPOSE CHARGES FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
1000 Local Sources	\$ 13,000	\$ 13,000	\$ 12,065	\$ (935)
Total Revenues	13,000	13,000	12,065	(935)
Other Financing Sources, -Uses:				
5000 Transfers Out	(15,000)	(15,000) (1)	(15,000)	-
Total Other Sources, -Uses	(15,000)	(15,000)	(15,000)	-
Net Change in Fund Balance	(2,000)	(2,000)	(2,935)	(935)
Beginning Fund Balance	2,000	2,000	6,556	4,556
Ending Fund Balance	\$ -	\$ -	\$ 3,621	\$ 3,621

(1) Appropriation Level

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

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

ATHLETIC FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
1000 Local Sources	\$ 29,100	\$ 29,228	\$ 33,516	\$ 4,288
Total Revenues	29,100	29,228	33,516	4,288
EXPENDITURES:				
1000 Instruction	109,450	109,578 (1)	99,677	9,901
Total Expenditures	109,450	109,578	99,677	9,901
Excess of Revenues Over, -Under Expenditures	(80,350)	(80,350)	(66,161)	14,189
Other Financing Sources, -Uses:				
5000 Transfers In	79,550	79,550	65,000	(14,550)
Total Other Sources, -Uses	79,550	79,550	65,000	(14,550)
Net Change in Fund Balance	(800)	(800)	(1,161)	(361)
Beginning Fund Balance	800	800	1,495	695
Ending Fund Balance	\$ -	\$ -	\$ 334	\$ 334

(1) Appropriation Level

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

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

CONSTRUCTION EXCISE TAX FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
1000 Local Sources	\$ 17,000	\$ 17,000	\$ 23,975	\$ 6,975
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>23,975</u>	<u>6,975</u>
EXPENDITURES:				
2000 Support Services	-	-	2,030	(2,030)
4000 Facilities Acquisition and Construction	<u>67,300</u>	<u>67,300</u> (1)	<u>75,832</u>	<u>(8,532)</u>
Total Expenditures	<u>67,300</u>	<u>67,300</u>	<u>77,862</u>	<u>(10,562)</u>
Excess of Revenues Over (Under) Expenditures	(50,300)	(50,300)	(53,887)	(3,587)
OTHER FINANCING SOURCES (USES)				
5200 Transfers Out	<u>(4,000)</u>	<u>(4,000)</u> (1)	<u>(2,000)</u>	<u>2,000</u>
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(2,000)</u>	<u>2,000</u>
Net Change in Fund Balance	(54,300)	(54,300)	(55,887)	(1,587)
Beginning Fund Balance	<u>54,300</u>	<u>54,300</u>	<u>57,825</u>	<u>3,525</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,938</u>	<u>\$ 1,938</u>

(1) Appropriation Level

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

OTHER INFORMATION

MONROE SCHOOL DISTRICT NO. 1J
2015-16 REVENUE SUMMARY BY FUNCTION

Revenue from Local Sources	General	PERS UAL	Special Revenue	Food Service	Public Purpose	Student Activity	Athletics	SELF DSF	Construction ET
1111 Current Taxes	\$1,037,422	-	-	-	-	-	-	-	-
1112 Prior Taxes	21,310	-	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-	-	-
1200 Elec Co-ops, etc.	21	-	-	-	-	-	-	-	23,975
1311 Tuition from Individuals	-	-	-	-	-	-	-	-	-
1510 Earnings on Investments	10,988	-	-	-	-	-	-	-	-
1530 Contract Income, Interest Payments	9,350	-	-	-	-	-	-	-	-
1610 Daily Sales - Reimbursable	-	-	-	42,350	-	-	-	-	-
1620 Daily Sales - Non-reimbursable	-	-	-	4,495	-	-	-	-	-
1710 Admissions	-	-	-	-	-	-	12,172	-	-
1740 Fees	10,658	-	-	-	-	-	15,755	-	-
1790 Other Curricular Activity	811	-	-	-	-	-	-	-	-
1809 Community Service Activity	-	-	-	-	-	-	-	-	-
1910 Building Rentals	-	-	-	-	-	-	-	-	-
1920 Contributions/Donations	2,318	-	1,088	-	-	-	-	-	-
1960 Recovery of Prior Year Expenditures	454	-	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	153,813	-	-	-	97,769	-	-	-
1990 Miscellaneous	9,652	-	5,164	349	12,065	-	5,589	-	-
Total Revenue from Local Sources	\$1,102,984	\$153,813	\$6,252	\$47,194	\$12,065	\$97,769	\$33,516	-	\$23,975
Revenue from Intermediate Sources	General	PERS UAL	Special Revenue	Food Service	Public Purpose	Student Activity	Athletics	SELF DSF	Construction ET
2101 County School Funds	6,523	-	-	-	-	-	-	-	-
2200 Grants and Reimbursements	-	-	2,675	-	-	-	-	-	-
2250 Severe Disability Allocation	\$5,340	-	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	\$11,863	\$0	\$2,675	\$0	\$0	\$0	\$0	-	\$0
Revenue from State Sources	General	PERS UAL	Special Revenue	Food Service	Public Purpose	Student Activity	Athletics	SELF DSF	Construction ET
3101 State School Fund - General Support	\$3,515,324	-	-	-	-	-	-	-	-
3103 Common School Fund	75,508	-	-	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	23,403	-	-	-	-	-	-	-	-
3201 STAC Grant	-	-	300	-	-	-	-	-	-
3294 Farm to School Grant	-	-	-	1,932	-	-	-	-	-
3296 Professional Development Grant	-	-	326	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	\$408	-	4,500	110	-	-	-	-	-
Total Revenue from State Sources	\$3,614,643	\$0	\$5,126	\$2,042	\$0	\$0	\$0	-	\$0
Revenue from Federal Sources	General	PERS UAL	Special Revenue	Food Service	Public Purpose	Student Activity	Athletics	SELF DSF	Construction ET
4201 Medicaid Survey Reimbursement	\$9,909	-	-	-	-	-	-	-	-
4305 Rural Ed to Title 1A	-	-	\$38,092	-	-	-	-	-	-
4500 Restricted Revenue From the Federal Government Through the State Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	\$70,549	-	\$105,374	\$151,610	-	-	-	-	-
4801 Federal Forest Fees	-	-	\$6,546	-	-	-	-	-	-
4899 Wildlife Refuge	1,536	-	-	-	-	-	-	-	-
Total Revenue from Federal Sources	\$81,994	\$0	\$150,012	\$151,610	\$0	\$0	\$0	-	\$0
Revenue from Other Sources	General	PERS UAL	Special Revenue	Food Service	Public Purpose	Student Activity	Athletics	SELF DSF	Construction ET
5150 Loan Receipts	\$	\$	\$	\$	\$	\$	\$	\$	\$
5200 Interfund Transfers	-	-	-	64,925	-	-	65,000	29,000	-
5300 Sale of Fixed Assets	7,210	-	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	\$492,225	\$265,961	\$10,568	\$5,177	6,556	\$48,540	\$1,495	603	\$57,825
Total Revenue from Other Sources	\$499,435	\$265,961	\$10,568	\$70,102	\$6,556	\$48,540	\$66,495	\$29,603	\$57,825
Grand Totals	\$3,310,919	\$419,774	\$174,633	\$270,948	\$18,621	\$146,309	\$100,011	\$29,603	\$81,800

**MONROE SCHOOL DISTRICT NO. 1J
2015-16 EXPENDITURES BY FUNCTION/OBJECT**

Special Revenue Fund

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	3,085	1,200	354	1,000	531	-	-	-
1112 Intermediate Programs	-	-	-	-	-	-	-	-
1113 Elementary Extra Curricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	300	-	-	-	300	-	-	-
1122 Middle/Junior High School Extracurricular	4,501	-	-	236	3,070	-	1,195	-
1131 High School Programs	6,576	-	-	-	6,576	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Special Ed Programs	337	307	30	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1272 Title I	140,146	83,447	54,444	852	1,403	-	-	-
1291 English Second Language Programs	963	769	89	105	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	\$ 155,908	\$ 85,723	\$ 54,917	\$ 2,193	\$ 11,880	\$ -	\$ 1,195	\$ -

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2130 Health Services	4,840	4,499	341	-	-	-	-	-
2190 Service Area Direction	194	174	14	6	-	-	-	-
2213 Curriculum Development	122	-	-	-	122	-	-	-
2240 Instructional Staff Development	14,318	9,485	1,636	1,705	817	-	675	-
2542 Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
Total Support Services Expenditures	\$ 19,474	\$ 14,158	\$ 1,991	\$ 1,711	\$ 939	\$ -	\$ 675	\$ -

Grand Total

\$ 175,382	\$ 99,881	\$ 56,908	\$ 3,904	\$ 12,819	\$ -	\$ 1,870	\$ -
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MONROE SCHOOL DISTRICT NO. 1J
2015-16 EXPENDITURES BY FUNCTION/OBJECT

Public Purpose Charges

Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5200 Transfers of Funds	15,000	-	-	-	-	-	-	15,000
Total Other Uses Expenditures	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Grand Total	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000

**MONROE SCHOOL DISTRICT NO. 1J
2015-16 EXPENDITURES BY FUNCTION/OBJECT**

Athletic Fund

Instruction Expenditures

1122 Middle/Junior High School Extracurricular
1132 High School Extracurricular

Total Instruction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
7,060	2,000	590	2,824	1,481	-	165	-
92,617	38,550	9,341	37,170	7,481	-	75	-
\$ 99,677	\$ 40,550	\$ 9,931	\$ 39,994	\$ 8,962	\$ -	\$ 240	\$ -

Grand Total

\$ 99,677	\$ 40,550	\$ 9,931	\$ 39,994	\$ 8,962	\$ -	\$ 240	\$ -
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MONROE SCHOOL DISTRICT NO. 1J
2015-16 EXPENDITURES BY FUNCTION/OBJECT

SELP Debt Service Fund

Other Uses Expenditures

5100 Debt Service

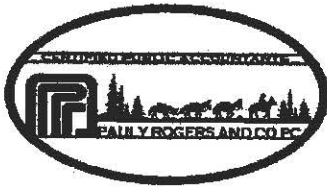
Total Other Uses Expenditures

Grand Total

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
29,472	-	-	-	-	-	29,472	-
\$ 29,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,472	\$ -
\$ 29,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,472	\$ -

MONROE SCHOOL DISTRICT NO. 1J
BENTON COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS



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October 31, 2016

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Monroe School District as of and for the year ended June 30, 2016, and have issued our report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Monroe School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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.**
- **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 Monroe School District 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. There were three instances where the District overspent appropriations, as noted on page 16.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

