

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
Central Point, Oregon**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2012**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Central Point, Oregon**  
**June 30, 2012**

**Administrative Office:**  
**300 Ash Street.**  
**Central Point, Oregon 97502**

**BOARD OF DIRECTORS AS OF JUNE 30, 2012**

Bret Moore 1020 Shake Drive, Central Point, Oregon 97502	Chair
Jolee Wallace 40 North River Road, Gold Hill, Oregon 97525	Vice Chair
June Brock 2815 Taylor Road, Central Point, Oregon 97502	Director
Kerry Bradshaw 140 North 8th St., Central Point, Oregon 97502	Director
Cindy Tilley-Faubion 3295 Galls Creek Road, Gold Hill, Oregon 97525	Director

**ADMINISTRATIVE STAFF**

Randal Gravon	Superintendent-Clerk
Spencer Davenport	Financial Services Manager-Deputy Clerk
Samantha Steel	Director of Education
Brock Rowley	Director of Special Programs
Mike Meunier	Director of Human Resources

# JACKSON COUNTY SCHOOL DISTRICT NO. 6

Central Point, Oregon

For the Fiscal Year Ended June 30, 2012

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# JACKSON COUNTY SCHOOL DISTRICT NO. 6

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Jackson County School District No. 6  
Central Point, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jackson County School District No. 6 (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, the District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund balance information of Jackson County School District No. 6 as of June 30, 2012, and the respective changes in financial position - cash basis, and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion in the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors  
Jackson County School District No. 6  
Central Point, Oregon

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund, Special Revenue Fund, School Lunch Fund, and Student Body Fund budgetary comparison information, and the Schedule of Funding Progress – Other Postemployment Benefits 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 Management's Discussion and Analysis and the Schedule of Funding Progress – Other Postemployment Benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The General Fund, Special Revenue Fund, School Lunch Fund, and Student Body Fund budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting as described in Note 1.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The supplementary and supplemental information, as listed in the Table of Contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary and supplemental 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting as described in Note 1.

 Stewart C. Amelle CPA, Partner

Michael L. Piels CPAs, LLP  
December 20, 2012

Jackson County School District No. 6  
Management's Discussion and Analysis  
June 30, 2012

The discussion and analysis of Jackson County School District No. 6's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Using this Report**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

**Basis of Accounting**

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions. As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements (Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis) provide information about the activities of the whole District, presenting both an aggregate view of Jackson County School District No. 6's finances and a longer-term view of those finances. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Net Assets- Cash Basis-Fiduciary Funds and supporting statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Jackson County School District No. 6 there are three funds considered as nonmajor funds (see Combining Statement of Cash Basis Assets and Fund Balances-Nonmajor Governmental Funds). The General fund is the District's most significant fund along with the Special Revenue Fund, School Lunch Fund and the Student Body Fund.

**Statement of Net Assets – cash basis and the Statement of Activities – cash basis**

The Statement of Net Assets and the Statement of Activities include all assets and liabilities resulting from the use of the cash basis of accounting.

These two statements report the District's net assets and changes in those assets. Because of the limitations of the cash basis of accounting, the District's net assets—the difference between assets and liabilities—is one way to measure the District's financial health or financial position. Over time, increases or decrease in net assets is one indicator of whether the District's financial health is improving or deteriorating. The reported change in financial condition is actually a change in cash position and not a change in the economic condition of the District.

Jackson County School District No. 6  
Management's Discussion and Analysis  
June 30, 2012

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, facilities acquisition and construction, operation and maintenance, pupil transportation, debt service and extracurricular activities.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the District's major funds begins on page 3 (governmental fund statement of cash basis assets and fund balance). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Special Revenue Fund, School Lunch Fund and Student Body fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net assets – cash basis and the Statement of Activities – cash basis and governmental funds is reconciled in the financial statements.

**The District as a Whole**

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

**Statement of Net Assets Summary – Cash Basis**

**ASSETS:**

Cash and investments	\$ 7,200,015
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**NET ASSETS:**

Restricted for debt service	\$ 221,071
Unrestricted	6,978,944

<b>TOTAL NET ASSETS:</b>	<b>\$ 7,200,015</b>
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The increase in net assets of \$3,029,036 is principally due to two components; 1) the District's continued effort to control expenditure levels and bring them into alignment with current revenue trends and 2) One time revenue sources.



Jackson County School District No. 6  
Management's Discussion and Analysis  
June 30, 2012

**Changes in Net Assets – Cash Basis**

	2011	2012
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 1,506,840	\$ 1,504,347
Operating Grants and contributions	4,538,031	6,311,773
Capital Grants and contributions	-	-
General Revenues:		
Property taxes	11,746,887	12,129,699
Grants and entitlements	21,690,602	21,966,637
Other	477,219	1,179,933
Total Revenues	39,959,579	43,092,389
 <b>Expenses</b>		
Program expenses		
Instruction	22,366,204	22,296,526
Support Services	12,902,323	13,391,548
Community services	1,416,961	1,421,081
Facilities acquisition and construction	202,964	165,213
Debt service	2,608,543	2,788,985
Total Expenses:	39,496,995	40,063,353
Change in Net Assets	\$ 462,584	\$ 3,029,036

**Governmental Activities**

K-12 education in Oregon is state funded. While the District still levies a fixed amount per \$1,000 of assessed value, this revenue is included in the State's calculation of overall funding. Property taxes made up approximately 23% of revenues for governmental activities (excluding taxes levied for debt service) for the Jackson County School District No. 6 for fiscal year 2012.

Instruction comprises over 56% of District expenses. Support services make up almost 34% of the total expenses of the District. However, it should be noted that the support service function includes services to students. Some of the services to students included in this function category are educational media services, guidance services, school psychology and speech pathology services. The remaining 10% of District expenses are comprised of community services, facility acquisition and construction, and debt service.

Regular programs include activities directly dealing with the teaching of students and the interaction between teacher and student.

Special programs include activities directly dealing with the teaching of students in programs with restrictions, talented and gifted and alternative education programs.

Student and instructional staff support includes supporting services for direct instruction programs including guidance services, psychological and speech pathology services, media services and improvement of instruction services.

Jackson County School District No. 6  
 Management's Discussion and Analysis  
 June 30, 2012

Administration, fiscal and business include expenses associated with administrative and financial supervision of the District. Included in this category is the Office of the Principal Services and the District's supplemental retirement program.

Central activities include expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Oregon law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. All funds are budgeted but the most significant budgeted funds are the General Fund, Special Revenue Fund, School Lunch Fund and Student Body Fund. Budgeted amounts for the General Fund are as follows:

**General Fund**

	Budget		Actual	Variance
	Original	Final		
Instruction	\$ 19,473,058	\$ 19,473,058	\$ 19,268,300	\$ 204,758
Support Services	12,696,618	12,946,618	12,725,913	220,705
Facilities acq. and Construction	134,471	184,471	165,213	19,258
Contingency	1,918,630	1,918,630	-	1,918,630
Transfers	339,500	39,500	29,795	9,705
	<u>\$ 34,562,277</u>	<u>\$ 34,562,277</u>	<u>\$ 32,189,222</u>	<u>\$ 2,373,055</u>

**Capital Assets – cash basis**

Capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**Debt Administration**

The District passed a general obligation bond in September, 2000 in the amount of \$29,804,705. The major portion of these funds were used to replace an existing elementary school, add a major addition to Hanby Middle School, remodel the 1908 building that was part of Central Point Elementary into administration offices, build a new auditorium at the high school and other miscellaneous projects throughout the District. The bonds were sold on October 17, 2000 with various maturities and interest rates with the final payments occurring in June, 2020. In September, 2004 the District issued bonds for the purpose of advance refunding some of the October, 2000 series bonds. This advance refunding was done in order to obtain lower interest rates which resulted in savings in debt services payments in the future.

**Current Financial Issues and Concerns**

K-12 education in Oregon has become a State funded program. The severe economic events that occurred before and during the 2011-2012 fiscal year had a tremendous impact on Oregon's ability to fund K-12. Even with federal stimulus help in the form of the American Recovery and Reinvestment Act (ARRA) and Edu-Jobs legislation, expenditure reductions were required. In addition to spending reductions in a number of areas such as supplies, employees of the District experienced 5% reduction in salaries and related benefits as a result of a 10-day operational day cut. In addition, the District shut down its in-house transportation department and contracted with an outside private company for these services. This cost saving measure reduced projected transportation-related expenditures by \$383,765 and increased projected transportation-related revenues by \$72,900 for a total net impact of \$456,665.

Jackson County School District No. 6  
Management's Discussion and Analysis  
June 30, 2012

These adjustments are expected to maximize available funds for the retention of existing programs and the maintenance of quality education for students within the District even though those programs will operate with a condensed schedule. Funding for the 2011-2012 fiscal year is based on a number of economic projections; the continued impact of the economic climate will dictate whether future adjustments will be needed during the second year of the 2011-2013 funding biennium for K-12 education in Oregon.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. The District School Board has established a set of guidelines for accountability. The District will responsibly administer all resources and demonstrate fiscal responsibility by aligning its program expenditures to the Strategic Plan and report of progress monthly at District 6 Board of Directors meetings. If you have questions about this report or need additional financial information, contact Spencer C. Davenport, Financial Services Manager at 300 Ash Street, Central Point, Oregon 97502. You can also visit our website at [www.district6.org](http://www.district6.org).

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2012**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments	\$ 7,200,015
<b>TOTAL ASSETS</b>	<u>\$ 7,200,015</u>
<b>NET ASSETS:</b>	
Restricted for debt service	221,071
Unrestricted	<u>\$ 6,978,944</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 7,200,015</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
STATEMENT OF ACTIVITIES - CASH BASIS  
FISCAL YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenditures	Program Revenues		Net (Expense) Revenue and Change In Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 22,296,526	\$ 1,098,311	\$ 4,608,639	\$ (16,589,576)
Supporting Services	13,391,548	37,385	472,699	(12,881,464)
Enterprise and community services	1,421,081	368,651	1,230,435	178,005
Facilities acquisition and construction	165,213	-	-	(165,213)
Principal and Interest on long-term debt	2,788,985	-	-	(2,788,985)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total government activities	<u>\$ 40,063,353</u>	<u>\$ 1,504,347</u>	<u>\$ 6,311,773</u>	<u>(32,247,233)</u>

General revenues:

Property taxes levied for general purposes	9,399,772
Property taxes levied for debt service	2,729,927
State school fund - general support	21,481,063
Common school fund	406,962
Federal forest fees	78,612
Construction excise tax	63,555
Unrestricted state and local sources	23,903
Earnings on investments	43,985
Sale of capital assets	565,060
Miscellaneous	483,430
	<u>                    </u>
Total general revenues	<u>35,276,269</u>

**CHANGE IN NET ASSETS**

	3,029,036
Net assets - July 1, 2011	<u>4,170,979</u>
Net Assets - June 30, 2012	<u>\$ 7,200,015</u>

**FUND FINANCIAL STATEMENTS**



JACKSON COUNTY SCHOOL DISTRICT NO. 6  
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>School Lunch Fund</u>	<u>Student Body Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 5,700,222	\$ 338,591	\$ 505,772	\$ 590,382	\$ 23,433	\$ 7,158,400
<b>TOTAL ASSETS</b>	<u>\$ 5,700,222</u>	<u>\$ 338,591</u>	<u>\$ 505,772</u>	<u>\$ 590,382</u>	<u>\$ 23,433</u>	<u>\$ 7,158,400</u>
<b>FUND BALANCES:</b>						
Restricted - Debt Service	\$ -	\$ -	\$ -	\$ -	\$ 221,071	\$ 221,071
Committed	-	-	-	-	-	-
Assigned	-	338,591	505,772	590,382	-	1,434,745
Unassigned	5,700,222	-	-	-	(197,638)	5,502,584
Total fund balances	<u>5,700,222</u>	<u>338,591</u>	<u>505,772</u>	<u>590,382</u>	<u>23,433</u>	<u>7,158,400</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,700,222</u>	<u>\$ 338,591</u>	<u>\$ 505,772</u>	<u>\$ 590,382</u>	<u>\$ 23,433</u>	<u>\$ 7,158,400</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT  
OF CASH BASIS ASSETS AND FUND BALANCES  
TO STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2012**

**TOTAL FUND BALANCES** \$ 7,158,400

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

Internal service funds are used by the District to charge the costs of unemployment benefits. The assets of the internal service fund are included in governmental activities in the Statement of Activities

41,615

**TOTAL NET ASSETS** \$ 7,200,015

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
STATEMENT OF CASH COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - CASH BASIS  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>School Lunch Fund</u>	<u>Student Body Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>						
Local sources	\$ 10,037,550	\$ 224,885	\$ 291,211	\$ 1,011,342	\$ 2,735,998	\$ 14,300,986
State sources	22,903,832	126,566	15,272	-	-	23,045,670
Federal Sources	1,658,634	36,622	1,215,163	-	2,270,138	5,180,557
<b>TOTAL REVENUES</b>	<u>34,600,016</u>	<u>388,073</u>	<u>1,521,646</u>	<u>1,011,342</u>	<u>5,006,136</u>	<u>42,527,213</u>
<b>EXPENDITURES</b>						
Current						
Instruction	19,268,300	257,376	-	1,021,436	1,749,414	22,296,526
Support services	12,725,913	159,024	-	-	360,034	13,244,971
Enterprise and community services	-	160	1,419,987	-	934	1,421,081
Facilities acq. and construction	165,213	-	-	-	-	165,213
Debt service	-	-	-	-	2,788,985	2,788,985
<b>TOTAL EXPENDITURES</b>	<u>32,159,426</u>	<u>416,560</u>	<u>1,419,987</u>	<u>1,021,436</u>	<u>4,899,367</u>	<u>39,916,776</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,440,590</u>	<u>(28,487)</u>	<u>101,659</u>	<u>(10,094)</u>	<u>106,769</u>	<u>2,610,437</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of Capital Assets	565,060	-	-	-	-	565,060
Transfers In	-	-	-	-	29,795	29,795
Transfers Out	(29,795)	-	-	-	-	(29,795)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>535,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,795</u>	<u>565,060</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,975,855	(28,487)	101,659	(10,094)	136,564	3,175,497
<b>FUND BALANCE, July 1, 2011</b>	<u>2,549,130</u>	<u>367,078</u>	<u>404,113</u>	<u>600,476</u>	<u>62,106</u>	<u>3,982,903</u>
Prior Period Adjustment	175,237	-	-	-	(175,237)	-
<b>Fund Balance, July 1, 2011, restated</b>	<u>2,724,367</u>	<u>367,078</u>	<u>404,113</u>	<u>600,476</u>	<u>(113,131)</u>	<u>3,982,903</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ 5,700,222</u>	<u>\$ 338,591</u>	<u>\$ 505,772</u>	<u>\$ 590,382</u>	<u>\$ 23,433</u>	<u>\$ 7,158,400</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
RECONCILIATION OF THE STATEMENT OF CASH COLLECTED, EXPENDITURES  
PAID AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES - CASH BASIS  
FISCAL YEAR ENDED JUNE 30, 2012**

**NET CHANGE IN FUND BALANCE** \$ 3,175,497

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

Internal service fund are used by the District to charge the costs of insurance premiums and claims to the individual funds. The change in net assets in the internal service fund is reported with the governmental activities.

(146,461)

**CHANGE IN NET ASSETS** \$ 3,029,036

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
STATEMENT OF NET ASSETS - CASH BASIS  
INTERNAL SERVICE FUND  
JUNE 30, 2012**

	<u>Internal Service Fund</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 41,615
	<u>                    </u>
<b>TOTAL ASSETS</b>	<u>\$ 41,615</u>
<b>NET ASSETS:</b>	
Unrestricted	\$ 41,615
	<u>                    </u>
<b>TOTAL NET ASSETS</b>	<u>\$ 41,615</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
 STATEMENT OF CASH RECEIVED, EXPENDITURES PAID, AND CHANGES IN  
 FUND NET ASSETS - CASH BASIS  
 INTERNAL SERVICE FUND  
 FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Internal Service Fund</u>
<b>OPERATING EXPENSES:</b>	
Support services	\$ <u>146,577</u>
<b>OPERATING LOSS</b>	<u>(146,577)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment earnings	<u>116</u>
<b>CHANGE IN NET ASSETS</b>	(146,461)
<b>NET ASSETS, July 1, 2011</b>	<u>188,076</u>
<b>NET ASSETS, June 30, 2012</b>	<u><u>\$ 41,615</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
STATEMENT OF CASH FLOWS - CASH BASIS  
INTERNAL SERVICE FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Internal Service Fund</b>
Cash Flows From Operating Activities	
Payments to suppliers	<u>\$ (146,577)</u>
Net Cash Provided By Operating Activities	<u>(146,577)</u>
Cash Flows From Investing Activities	
Interest and dividends received	<u>116</u>
Net Cash Used By Investing Activities	<u>116</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(146,461)
Cash and Cash Equivalents - July 1, 2011	<u>188,076</u>
Cash and Cash Equivalents - June 30, 2012	<u><u>\$ 41,615</u></u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	<u>Expendable Trust Fund</u>	<u>Nonexpendable Trust Fund</u>	<u>Total Trust Fund</u>
<b>ASSETS:</b>			
Cash and investments	\$ 7,748	\$ 36,485	\$ 44,233
<b>TOTAL ASSETS</b>	<u>\$ 7,748</u>	<u>\$ 36,485</u>	<u>\$ 44,233</u>
<b>NET ASSETS:</b>			
Restricted - scholarships	\$ -	\$ 27,050	\$ 27,050
Committed - scholarships	7,748	9,435	17,183
<b>TOTAL NET ASSETS</b>	<u>\$ 7,748</u>	<u>\$ 36,485</u>	<u>\$ 44,233</u>



**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS**  
**FIDUCIARY FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Expendable Trust Fund</u>	<u>Nonexpendable Trust Fund</u>	<u>Total Trust Fund</u>
<b>ADDITIONS</b>			
Contributions	\$ 17,068	\$ -	\$ 17,068
Investment earnings	11	29	40
<b>TOTAL ADDITIONS</b>	<u>17,079</u>	<u>29</u>	<u>17,108</u>
<b>DEDUCTIONS</b>			
Supporting Services	-	520	520
Community services	16,766	800	17,566
<b>TOTAL DEDUCTIONS</b>	<u>16,766</u>	<u>1,320</u>	<u>18,086</u>
<b>CHANGE IN NET ASSETS</b>	313	(1,291)	(978)
<b>NET ASSETS, July 1, 2011</b>	<u>7,435</u>	<u>37,776</u>	<u>45,211</u>
<b>NET ASSETS, June 30, 2012</b>	<u>\$ 7,748</u>	<u>\$ 36,485</u>	<u>\$ 44,233</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies**

**The Reporting Entity**

Jackson County School District No. 6 (the District), Central Point, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. All activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

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

**Basis of Presentation**

**Government-wide Financial Statements**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds, internal service funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

Net assets are reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

**Fund Financial Statements**

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies (continued)**

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. The principal resources are property taxes and the state school support funds from the State of Oregon.

Special Revenue Fund - This fund accounts for revenues and expenditures of state and local agencies and for the payment of obligations for purchased services. The primary source of revenue is restricted State revenue.

School Lunch Fund - The School Lunch Fund is used to account for the resources and payment of special program costs. The primary source of revenue is private contributions from the community.

Student Body Fund - The Student Body Fund is used to account for the revenues and expenditures related to activity from each school within the District. The primary source of revenue is co-curricular activities.

Additionally, the District reports the following fund types:

Other Governmental Funds – The District accounts for the Federal Program Fund, the Bus Replacement Fund, and the Debt Service Fund under this category. The major revenue sources are federal funds, and property taxes.

Internal Service Funds - The Internal Service Fund account for costs incurred by the District under its self-insurance program for unemployment compensation benefit services. The principal revenue source is interest earned on accumulated assets.

Expendable Trust Fund - This fund accounts for resources received and held by the District in a fiduciary capacity. Disbursements from this fund are made in accordance with the trust agreement or conditions of the trust. The Student Scholarship Expendable Trust Fund is included in this category.

Non-expendable Trust Funds - The private-purpose trust fund is used to account for scholarship resources of which the trust corpus must be maintained intact under the conditions of the trust agreements. Disbursements from this fund are made in accordance with the trust agreements. Funds included in this category are:

Grace Browlee Scholarship Non-expendable Trust Fund  
Barkhurst Scholarship Non-expendable Trust Fund  
Arthur Straus Scholarship Non-expendable Trust Fund

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenues are recorded when collected and expenses are recorded when paid. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the cash basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year received, regardless of when all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues. Under the cash basis of accounting, certain modifications normally having substantial support, such as depreciation, capital assets and the associated long-term debt are not included in the Statement of Net Assets and the Statement of Activities.

Governmental fund financial statements are reported using a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Expenditures are recorded when paid, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Private sector standards of accounting and reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that these standards do not conflict or contradict the guidance of the Governmental Accounting Standards Board.

**Cash, Cash Equivalents and Investments**

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

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Property Taxes**

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

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

**Inventories**

The District utilizes the "purchase" method of accounting for inventories. Under this method, inventories are recorded as expenditures upon acquisition.

**Capital Assets**

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

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

Depreciation is not recorded on capital assets. Upon disposal of any capital asset any receipt from the disposal is accounted for as revenue in the Governmental Fund Type.

Expenditures and other financing sources are also recognized at lease inception at the net present values of future minimum capital lease payments in the governmental funds from which lease payments will be made. Subsequent lease payments are recorded as expenditures in the appropriate governmental fund on the due date as principal and interest on debt service.

**Self-Insurance**

The District is self-insured for unemployment benefits. The Board of Directors establishes the annual charges necessary to cover any expected benefit payments. Unemployment benefit claims are charged to expense as paid.

The activities of the self-insurance program are accounted for in the Unemployment Fund, a proprietary fund type, an internal service fund.

**Retirement Plan**

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenditures/expenses as funded.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation accrues during the year and expires with each fiscal year end if not used. Sick leave accrues and can be carried over under certain voluntary retirement conditions included in the collective bargaining agreement. There is no liability recorded for unpaid accumulated vacation and sick leave. All unused vacation and sick leave pay is accumulated and reported in the governmental funds only if they have matured, for example, when paid as a result of employee resignation and retirements.

**Long-term Debt**

In the government-wide financial statements, long-term debt is not reported as a liability in the Statement of Net Assets under the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principals.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. Bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The payment of principal and interest are reported as expenditures when paid.

**Equity**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

1. Investment in Capital Assets, net of related debt – Consists of the cost of capital assets less the accumulated depreciation less any outstanding principal related to the capital asset.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted".

In the fund financial statements, governmental fund equity is classified in the flowing categories:

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

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

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

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

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

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Budget**

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

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

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

The District had a deficit fund balance in the Federal Programs Fund of \$197,683. The District expects this deficit fund balance to be short term as the reimbursements for various federal grants are received.

**Use of Estimates**

The preparation of basic financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**Note 2 - Equity in Pooled Cash and Investments**

Cash and investments are comprised of the following as of June 30, 2012:

Carrying amount of demand deposits	\$ 4,239,129
Petty cash	1,130
Time certificate of deposit	10,781
Local government investment pool	2,993,208
	<u>\$ 7,244,248</u>

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

Statement of Net Assets - Cash Basis	
Cash and investments	\$ 7,200,015
Statement of Net Assets - Cash Basis-Fiduciary Fund	
Cash and investments	44,233
Cash and investments	<u>\$ 7,244,248</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 2 – Equity in Pooled Cash and Investments (continued)**

**Deposits.** The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2012. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295. For the fiscal year ended June 30, 2012, the carrying amounts of the District deposits in various qualifying financial institutions were \$4,239,129 and the bank balances were \$5,061,060. All deposits are held in the name of the District. At June 30, 2012 the District's deposits were covered by federal depository insurance and under the State of Oregon's shared liability structure for participating bank depositories in Oregon.

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

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

**Investments.** Jackson County School District No. 6 has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2012. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

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

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

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2012 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.



**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 2 – Equity in Pooled Cash and Investments (continued)**

*Credit Risk.* State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

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

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

As of June 30, 2012, the District had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>0-12 months</u>	<u>12-120 months</u>
Certificates of Deposit	<u>\$ 10,781</u>	<u>\$ 10,781</u>	<u>\$ -</u>

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
Local Government Investment Pool	1 day	100%	<u>\$ 2,993,208</u>

**Note 3 – Interfund Transfers**

Interfund transfers during the year ended June 30, 2012, were as follows:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 29,795
Bus Replacement Fund	<u>29,795</u>	<u>-</u>
	<u>\$ 29,795</u>	<u>\$ 29,795</u>

The District made a transfer from the General Fund of \$29,795 to the Bus Replacement Fund to pay out the outstanding debt service on busses. This transfer was budgeted.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 4 – Other Postemployment Benefits**

***Postemployment Health Insurance Subsidy (Implicit Benefit)***

The District implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) for the fiscal year ended June 30, 2009. The implementation allows the District to report its liability for other post employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. The District does not issue a stand alone report for this plan.

***Plan Description.*** The District operates a single-employer defined benefit post retirement health benefits program. The District may pay all or a portion of a retiree’s postemployment health, dental, vision, and life insurance benefits until Medicare eligibility. This explicit benefit is required to be valued under GASB Statement 45. There are 377 active and 95 retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements and employment contracts.

Different contracts govern the employees. Eligible administrative staff must have at least ten years of service with the District. Supervisors have no additional service requirements. Confidential employees must have at least ten years of service with the District as a confidential employee. Licensed employees are eligible if they retired prior to August 26, 2007 as PERS eligible retirees, or with at least eight years of service as of June 30, 2007. However, the District will pay 100% of medical/prescription drug and vision premiums for licensed retirees who retired prior to August 26, 2004 with at least ten years of service, or who have at least 13 years of service as of June 30, 2007. Classified employees are not eligible. Qualified spouses, domestic partners, and children may qualify for coverage.

The last premium payment is made in the month preceding the earlier of the participant’s 65<sup>th</sup> birthday, or death. However, payments to spouses end at the earlier of their death, their age 65 (or Medicare eligibility), or the participants age 65 (or the date the participant would have been age 65 should the participant pre-decease the spouse). Total number of payments is not to exceed 120 (months).

Medical/prescription drug, dental and vision premiums paid by the District to the extent covered for their active counterparts.

Monthly tiered premiums for the 2011-12 year, blended to reflect the October 1 plan year, are as follows:

	<u>Single</u>	<u>Couple</u>	<u>Composite</u>
ODS Med 3	\$ 565.60	\$ 1,244.31	\$ 1,346.14
ODS Med 4	\$ 527.59	\$ 1,160.71	\$ 1,255.67
ODS Med 5	\$ 483.77	\$ 1,064.32	\$ 1,151.40
ODS Med 6	\$ 440.81	\$ 969.78	\$ 1,049.12
ODS Den 2	\$ 404.53	\$ 889.97	\$ 962.79
ODS Den 3	\$ 52.47	\$ 103.89	\$ 120.64
ODS Den 4	\$ 51.32	\$ 101.62	\$ 117.98
ODS Den 6	\$ 48.00	\$ 95.05	\$ 110.37
ODS Vis 3	\$ 13.63	\$ 29.99	\$ 31.14
ODS Vis 4	\$ 15.94	\$ 35.09	\$ 36.42

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 4 – Other Postemployment Benefits (continued)**

Monthly District-paid caps for the 2011-12 plan year are as follows:

Administrative	\$ 1,276.24
Confidential	\$ 1,276.24
Licensed	\$ 1,180.74
Supervisor	\$ 1,276.24

In addition to the explicit medical benefits for certain retirees, continued medical coverage is offered to the District's eligible retirees and their spouses and dependents until Medicare eligibility. The active premium rate (whether paid by the District or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the "implicit subsidy", and is required to be valued under GASB Statement No. 45.

However, an implicit subsidy does not exist in arrangements that are deemed to be "community rated" by a qualified actuary. In general, a community rated situation is one in which the health care claims experience of the employer is not expected to impact the premiums being charged the employer. For example, the District participates in the Oregon Educators Benefit Board (OEBB) health plans, along with many other school districts, community colleges, and educational service districts. For plans in which the District's claims experience represents only a very small percentage of the total claims experience of the plans as a whole, the arrangement is deemed community related. The District's participation in ODS Health Plans does not constitute a community rated arrangement; therefore, there is an implicit subsidy to value.

This program was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees be allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based upon all plan members, including active members and retirees. Due to medical premium rates being determined by blending both active employee and retiree experience, there is an implicit medical benefit to retirees because the medical premium rates charged for coverage typically are less than actual expected retiree claim costs. Qualified spouses, domestic partners, and children may qualify for coverage. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

**Funding Policy.** The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. During fiscal year 2012 the District recognized, on a budgetary basis, expenditures of approximately \$1.03 million for the post-employment healthcare benefits.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 4 – Other Postemployment Benefits (continued)**

**Annual OPEB Cost and Net OPEB Obligation.** The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC) and annual OPEB cost (expense)	\$ 1,627,592
Less: Contributions made	<u>(1,033,778)</u>
Increase in net OPEB obligation	593,814
Net OPEB obligation - beginning of year	<u>731,234</u>
Net OPEB obligation - end of year	<u>\$ 1,325,048</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 are:

Fiscal year	Annual OPEB Cost	Contributions	Funded Ratio	Net OPEB Obligation
2012	\$ 1,627,592	\$ 1,033,778	64%	\$ 1,325,048
2011	1,571,878	1,017,655	65%	731,234
2010	1,498,043	1,428,500	95%	177,011

**Actuarial methods and assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions included: (1) an assumed inflation rate of 4.00% and an assumed overall payroll growth rate of 3.25% per year, (2) annual premium increase rate which ranges from 10% in 2008-2009 to 5% in 2018-2019 and later, (3) annual increase in District paid caps of 5.0% per year, (4) turnover and disability rates by age and years of service, as developed by Oregon PERS, (5) range of retirement ages for employees with fewer, and more, than 30 years of service, (6) marital status, (7) coverage of eligible children, (8) age 64 health claim costs, which are assumed to be \$8,901, (9) the impact of age to the claims cost which range from 5% per year under age 40 to 4.2% per year for ages 60-64, and (10) and no investment return, due to lack of assets set aside to fund this program.

Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. The schedule of funding progress is required to report the last three actuarial valuations, however, the July 1, 2008 and 2010 are the only valuations prepared to date.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 4 – Other Postemployment Benefits (continued)**

For the District's initial valuation the Projected Unit Credit Method was the valuation method used to determine the District's OPEB liability. The Projected Unit Credit Method is comprised of two components: normal cost, and amortization payments. In its application of this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In additions, all gains or losses may be amortized each year. The UAAL is being amortized as a level percentage of payroll over future open periods.

**Funded Status and Funding Progress.** As of July 1, 2010 the actuarial accrued liability for benefits was \$12,155,305, and the actuarial value of assets was \$0, resulting in a UAAL of \$12,155,305. The covered payroll (annual payroll of active employees covered by the plan) was \$19.1 million for fiscal year 2012 and the ratio of the UAAL to the covered payroll was 64%. Using a 30-year amortization period the Annual Required Contribution (ARC) for 2012 has been actuarially determined to be \$1,627,592.

**STIPEND**

**Plan Description.** The District provides a single-employer defined benefit early retirement supplement program for certain employees until the participants are eligible for full Social Security benefits. This pension-type benefit is required to be valued under GASB Statement 27.

Benefits and eligibility for members are established through the collective bargaining agreements and employment contracts. Different contracts govern the employees.

Eligible administrative staff must have at least ten years of service with the District and Supervisors must have at least ten years of PERS service. Monthly benefit amounts for eligible Administrative staff and Supervisors is based on years of service as follows:

<u>Years</u>	<u>Amount</u>
Five to ten	\$ 275
Eleven to fifteen	\$ 415
Fifteen or more	\$ 550

Licensed staff that retired prior to August 26, 2004 with at least ten years of service in the District are eligible to receive \$200 per month up to the age of 58, the \$275 per month for the remaining payments. Licensed staff that retired between August 26, 2004 and August 25, 2007 are eligible to receive \$230 per month. Licensed staff that retire on or after August 26, 2007 are not eligible for stipend benefits.

Confidential and Classified employees are not eligible.

For all classes of retirees, the last stipend payment is made in the month preceding the earlier of the participant's 65<sup>th</sup> birthday, or death. Total number of payments is not to exceed 120 (months).

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 4 – Other Postemployment Benefits (continued)**

**Funding Policy.** The District pays for all the benefits. The contributions are financed on a pay-as-you-go basis. During fiscal year 2012 the District recognized, on a budgetary basis, expenditures of approximately \$224 thousand for the early retirement supplement program.

**Annual Pension Cost and Net Pension Obligation.** The District's annual pension cost (expense) is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 4 years. An amortization base of 4 years was used due to the large number of retirees currently receiving a stipend benefit. Given the current population, the District expects that number to decrease in future years. The following table shows the components of the District's annual pension cost for the year ending June 30, 2012, the amount actually contributed to the plan, and changes in the District's net pension obligation.

Annual required contribution (ARC) and annual pension cost (expense)	\$ 256,868
Less: Contributions made	<u>(223,731)</u>
Increase in net pension obligation	33,137
Net pension obligation - beginning of year	<u>80,536</u>
Net pension obligation - end of year	<u><u>\$ 113,673</u></u>

The District's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation for 2012 are:

Fiscal year	Annual Required Contribution	Percentage Contributed	Contribution Made
2012	\$ 256,868	87.0%	\$ 223,731
2011	230,297	102.8%	236,746
2010	333,115	86.6%	288,384

**Actuarial methods and assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions included: (1) an assumed inflation rate of 4.00% and an assumed overall payroll growth rate of 3.25% per year, (2) annual premium increase rate which ranges from 10% in 2008-2009 to 5% in 2018-2019 and later, (3) annual increase in District paid caps of 5.0% per year, (4) turnover and disability rates by age and years of service, as developed by Oregon PERS, (5) range of retirement ages for employees with fewer, and more, than 30 years of service, (6) marital status, (7) coverage of eligible children, (8) age 64 health claim costs, which are assumed to be \$8,901, (9) the impact of age to the claims cost which range from 5% per year under age 40 to 4.2% per year for ages 60-64, and (10) and no investment return, due to lack of assets set aside to fund this program.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 4 – Other Postemployment Benefits (continued)**

Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. The schedule of funding progress is required to report the last three actuarial valuations, however, the July 1, 2008 and 2010 are the only valuations prepared to date.

For the District's initial valuation the Projected Unit Credit Method was the valuation method used to determine the District's pension liability. The Projected Unit Credit Method is comprised of two components: normal cost, and amortization payments. In its application of this method the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded actuarial accrued liability (UAAL). All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial data are amortized separately. In additions, all gains or losses may be amortized each year. The UAAL is being amortized as a level percentage of payroll over future open periods.

***Funded Status and Funding Progress.*** As of July 1, 2010 the actuarial accrued liability for stipend benefits was \$910,171, and the actuarial value of assets was \$0, resulting in a UAAL of \$910,171. The covered payroll (annual payroll of active employees covered by the plan) was \$19.1 million for fiscal year 2012 and the ratio of the UAAL to the covered payroll was 5%. Using a 4-year amortization period the Annual Required Contribution (ARC) for 2012 has been actuarially determined to be \$256 thousand.

**Note 5 – Long-term debt**

**General obligation bonds**

The District passed a general obligation bond in September 2000 in the amount of \$29,804,705. These bonds were sold on October 17, 2000 with various interest rates and maturities from 2001-2020. Bond proceeds were used to remodel the 1908 building that was part of Central Point Elementary into administration offices; build a new auditorium at the high school; construct a new elementary school; provide for major additions at Hanby Middle School; and various other construction projects throughout the District. In September 2004, the District defeased general obligation bonds in the amount of \$23,725,000 to advance refund the 2011-2020 maturities of the Series 2000 bonds and placed the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old obligations. This refunding enabled the District to obtain lower interest rates thereby reducing future debt service requirements. At June 30, 2012, the District's commitment for general obligation bonds outstanding not included in the statement of net assets under the cash basis of accounting is \$19,420,000. Payments on general obligation bonds are made by the Debt Service Fund from property taxes and earnings on investments. Interest paid during the year ended June 30, 2012 totaled \$927,420.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 5 – Long-term debt (continued)**

The bond matures as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rates</u>
2013	\$ 1,795,000	\$ 867,245	\$ 2,662,245	3.750%
2014	1,940,000	799,933	2,739,933	3.750%
2015	2,105,000	724,683	2,829,683	3.750%
2016	2,275,000	645,745	2,920,745	5.250%
2017	2,500,000	526,308	3,026,308	5.250%
2018-2020	8,805,000	790,465	9,595,465	5.250%
	<u>\$ 19,420,000</u>	<u>\$ 4,354,379</u>	<u>\$ 23,774,379</u>	

**Operating leases**

The District leases equipment under non-cancelable operating leases. Total costs for such leases were \$24,246 for the fiscal year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2013	\$ 7,432
2014	<u>2,456</u>
	<u>\$ 9,888</u>

**Note 6 – Commitments and contingencies**

Amounts received from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

**Note 7 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The district carries commercial insurance for all such risk of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverable in any of the past three fiscal years.



**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 8 – Pension Plan**

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Oregon Public Employees Retirement Board (OPERB) as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Covered employees are required by state statute to contribute 6.00% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The District elected to contribute the 6.00% "pick-up" for the year ended June 30, 2012. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2012 were 19.48% and 17.97% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The District's contributions to PERS for the years ending June 30, 2012, 2011, and 2010, were \$4,239,622, \$3,649,182, and \$3,654,764, respectively, equal to the required contributions for each year.

**Note 9 – Self-Insurance**

The District is self-insured for unemployment benefits. The Board of Directors establishes the annual charges necessary to cover any expected benefit payments. Unemployment benefits claims are charged to expense when paid. The activities of the self-insurance program are accounted for in the internal service fund. The District paid \$ 146,577 in benefit claims in total for the year.

**Note 10 – Contingencies**

Amounts received/receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial. The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable, although the District believes it will prevail.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Notes to Basic Financial Statements**  
**June 30, 2012**

**Note 11 – Current Vulnerability Due to Certain Concentrations**

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

**Note 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 for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past 3 fiscal years ending June 30, 2012.

**Note 13 – Prior Period Adjustment**

In the current fiscal year, management noted a prior period adjustment made between the Federal Programs Fund and the General Fund. This prior period adjustment was made to account for the borrowing of funds between funds in prior years. The adjustment had no effect on the Government-wide statements in the prior years.

**Note 14 – Subsequent Events**

Management of the District has evaluated events and transactions occurring after June 30, 2012 through the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS  
BUDGET AND ACTUAL  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 8,489,673	\$ 8,489,673	\$ 10,037,550	\$ 1,547,877
State sources	22,407,150	22,407,150	22,903,832	496,682
Federal sources	1,465,454	1,465,454	1,658,634	193,180
<b>TOTAL REVENUES</b>	<b>32,362,277</b>	<b>32,362,277</b>	<b>34,600,016</b>	<b>2,237,739</b>
<b>EXPENDITURES</b>				
Current				
Instruction	19,473,058	19,473,058	19,268,300	204,758
Support services	12,696,618	12,946,618	12,725,913	220,705
Facilities acq. and construction	134,471	184,471	165,213	19,258
Contingency	1,918,630	1,918,630	-	1,918,630
<b>TOTAL EXPENDITURES</b>	<b>34,222,777</b>	<b>34,522,777</b>	<b>32,159,426</b>	<b>2,363,351</b>
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUES OVER EXPENDITURES</b>	<b>(1,860,500)</b>	<b>(2,160,500)</b>	<b>2,440,590</b>	<b>4,601,090</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of capital assets	-	-	565,060	565,060
Transfer out	(339,500)	(39,500)	(29,795)	9,705
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(339,500)</b>	<b>(39,500)</b>	<b>535,265</b>	<b>574,765</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,200,000)</b>	<b>(2,200,000)</b>	<b>2,975,855</b>	<b>5,175,855</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>2,549,130</b>	<b>349,130</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>175,237</b>	<b>175,237</b>
<b>Fund Balance, July 1, 2011, restated</b>	<b>-</b>	<b>-</b>	<b>2,724,367</b>	<b>524,367</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,700,222</b>	<b>\$ 5,700,222</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ 731,952	\$ 731,952	\$ 224,885	\$ (507,067)
Intermediate sources	25,000	25,000	-	(25,000)
State sources	400,000	400,000	126,566	(273,434)
Federal sources	593,000	593,000	36,622	(556,378)
<b>TOTAL REVENUES</b>	<b>1,749,952</b>	<b>1,749,952</b>	<b>388,073</b>	<b>(1,361,879)</b>
<b>EXPENDITURES</b>				
Current				
Instruction	824,479	824,479	257,376	567,103
Support services	1,155,811	1,155,811	159,024	996,787
Enterprise and community services	61,662	61,662	160	61,502
Facilities acq. and construction	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>2,141,952</b>	<b>2,141,952</b>	<b>416,560</b>	<b>1,725,392</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(392,000)</b>	<b>(392,000)</b>	<b>(28,487)</b>	<b>363,513</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(392,000)</b>	<b>(392,000)</b>	<b>(28,487)</b>	<b>363,513</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>392,000</b>	<b>392,000</b>	<b>367,078</b>	<b>(24,922)</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 338,591</b>	<b>\$ 338,591</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
SCHOOL LUNCH FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ 425,177	\$ 425,177	\$ 291,211	\$ (133,966)
State sources	23,010	23,010	15,272	(7,738)
Federal sources	1,152,518	1,152,518	1,215,163	62,645
<b>TOTAL REVENUES</b>	<u>1,600,705</u>	<u>1,600,705</u>	<u>1,521,646</u>	<u>(79,059)</u>
<b>EXPENDITURES</b>				
Current				
Enterprise and community services	1,847,905	1,847,905	1,419,987	427,918
<b>TOTAL EXPENDITURES</b>	<u>1,847,905</u>	<u>1,847,905</u>	<u>1,419,987</u>	<u>427,918</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(247,200)</u>	<u>(247,200)</u>	<u>101,659</u>	<u>348,859</u>
<b>NET CHANGE IN FUND BALANCE</b>	(247,200)	(247,200)	101,659	348,859
<b>FUND BALANCE, July 1, 2011</b>	<u>247,200</u>	<u>247,200</u>	<u>404,113</u>	<u>156,913</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,772</u>	<u>\$ 505,772</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
STUDENT BODY FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ 1,502,000	\$ 1,502,000	\$ 1,011,342	\$ (490,658)
<b>TOTAL REVENUES</b>	<u>1,502,000</u>	<u>1,502,000</u>	<u>1,011,342</u>	<u>(490,658)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	<u>2,102,000</u>	<u>2,102,000</u>	<u>1,021,436</u>	<u>1,080,564</u>
<b>TOTAL EXPENDITURES</b>	<u>2,102,000</u>	<u>2,102,000</u>	<u>1,021,436</u>	<u>1,080,564</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(600,000)</u>	<u>(600,000)</u>	<u>(10,094)</u>	<u>589,906</u>
<b>NET CHANGE IN FUND BALANCE</b>	(600,000)	(600,000)	(10,094)	589,906
<b>FUND BALANCE, July 1, 2011</b>	<u>600,000</u>	<u>600,000</u>	<u>600,476</u>	<u>476</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590,382</u>	<u>\$ 590,382</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2012**

Actuarial Valuation	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) unit credit (b)	Unfunded (funded) AAL (b - a)	Funded ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of covered payroll [(b - a) / c]
07/01/08	-	\$ 14,214,021	\$ 14,214,021	0%	\$ 19,382,042	73%
07/01/10	-	13,065,476	13,065,476		19,191,126	

The above table represents the most recent actuarial valuation for the District's other postemployment benefits and provides information that approximates the funding progress of the plan.

The AAL reported above is comprised of:

	07/01/08
Stipend	\$ 1,227,866
Explicit & Implicit	12,986,155
<b>Total</b>	<b>\$ 14,214,021</b>
	07/01/10
Stipend	\$ 910,171
Explicit & Implicit	12,155,305
<b>Total</b>	<b>\$ 13,065,476</b>



**SUPPLEMENTARY INFORMATION**

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
 COMBINING STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012**

	<u>Federal Programs Fund</u>	<u>Bus Replacement Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ (197,683)	\$ 45	\$ 221,071	\$ 23,433
<b>TOTAL ASSETS</b>	<u>\$ (197,683)</u>	<u>\$ 45</u>	<u>\$ 221,071</u>	<u>\$ 23,433</u>
<b>FUND BALANCES</b>				
Restricted - debt service	\$ -	\$ -	\$ 221,071	\$ 221,071
Unassigned	(197,683)	45	-	(197,638)
Total fund balances	<u>(197,683)</u>	<u>45</u>	<u>221,071</u>	<u>23,433</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ (197,683)</u>	<u>\$ 45</u>	<u>\$ 221,071</u>	<u>\$ 23,433</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
COMBINING STATEMENT OF CASH COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Federal Programs Fund</b>	<b>Bus Replacement Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Local sources	\$ -	\$ 28	\$ 2,735,970	\$ 2,735,998
State sources	-	-	-	-
Federal Sources	<u>2,270,138</u>	<u>-</u>	<u>-</u>	<u>2,270,138</u>
<b>TOTAL REVENUES</b>	<u>2,270,138</u>	<u>28</u>	<u>2,735,970</u>	<u>5,006,136</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,749,414	-	-	1,749,414
Support services	360,034	-	-	360,034
Enterprise and community services	934	-	-	934
Debt service	<u>-</u>	<u>206,565</u>	<u>2,582,420</u>	<u>2,788,985</u>
<b>TOTAL EXPENDITURES</b>	<u>2,110,382</u>	<u>206,565</u>	<u>2,582,420</u>	<u>4,899,367</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>159,756</u>	<u>(206,537)</u>	<u>153,550</u>	<u>106,769</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>-</u>	<u>29,795</u>	<u>-</u>	<u>29,795</u>
<b>NET CHANGE IN FUND BALANCE</b>	159,756	(176,742)	153,550	136,564
<b>FUND BALANCE, July 1, 2011</b>	<u>(182,202)</u>	<u>176,787</u>	<u>67,521</u>	<u>62,106</u>
Prior Period Adjustment	<u>(175,237)</u>	<u>-</u>	<u>-</u>	<u>(175,237)</u>
<b>FUND BALANCE, July 1, 2011, restated</b>	<u>(357,439)</u>	<u>176,787</u>	<u>67,521</u>	<u>(113,131)</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ (197,683)</u>	<u>\$ 45</u>	<u>\$ 221,071</u>	<u>\$ 23,433</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS  
BUDGET AND ACTUAL  
FEDERAL PROGRAMS FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 85,968	\$ 85,968	\$ -	\$ (85,968)
State sources	-	-	-	
Federal sources	2,451,074	2,451,074	2,270,138	(180,936)
<b>TOTAL REVENUES</b>	<u>2,537,042</u>	<u>2,537,042</u>	<u>2,270,138</u>	<u>(266,904)</u>
<b>EXPENDITURES</b>				
Instruction	1,741,931	1,741,931	1,749,414	(7,483)
Support services	761,798	761,798	360,034	401,764
Enterprise and community services	33,313	33,313	934	32,379
<b>TOTAL EXPENDITURES</b>	<u>2,537,042</u>	<u>2,537,042</u>	<u>2,110,382</u>	<u>426,660</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>159,756</u>	<u>159,756</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	159,756	159,756
<b>FUND BALANCE, July 1, 2011</b>	<u>-</u>	<u>-</u>	<u>(182,202)</u>	<u>(182,202)</u>
Prior Period Adjustment	-	-	(175,237)	(175,237)
Fund Balance, July 1, 2011, restated	-	-	(357,439)	(357,439)
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (197,683)</u>	<u>\$ (197,683)</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS  
BUDGET AND ACTUAL  
BUS REPLACEMENT FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 300	\$ 300	\$ 28	\$ (272)
<b>TOTAL REVENUES</b>	<u>300</u>	<u>300</u>	<u>28</u>	<u>(272)</u>
<b>EXPENDITURES</b>				
Current				
Support services	74,800	74,800	-	74,800
Debt Service	230,000	230,000	206,565	23,435
<b>TOTAL EXPENDITURES</b>	<u>304,800</u>	<u>304,800</u>	<u>206,565</u>	<u>98,235</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(304,500)</u>	<u>(304,500)</u>	<u>(206,537)</u>	<u>97,963</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	139,500	139,500	29,795	(109,705)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>139,500</u>	<u>139,500</u>	<u>29,795</u>	<u>(109,705)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(165,000)	(165,000)	(176,742)	(11,742)
<b>FUND BALANCE, July 1, 2011</b>	<u>165,000</u>	<u>165,000</u>	<u>176,787</u>	<u>11,787</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 45</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ 2,622,420	\$ 2,622,420	\$ 2,735,970	\$ 113,550
<b>TOTAL REVENUES</b>	<u>2,622,420</u>	<u>2,622,420</u>	<u>2,735,970</u>	<u>113,550</u>
<b>EXPENDITURES</b>				
Debt service	<u>2,622,420</u>	<u>2,622,420</u>	<u>2,582,420</u>	<u>40,000</u>
<b>TOTAL EXPENDITURES</b>	<u>2,622,420</u>	<u>2,622,420</u>	<u>2,582,420</u>	<u>40,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	153,550	153,550
<b>FUND BALANCE, July 1, 2011</b>	<u>-</u>	<u>-</u>	<u>67,521</u>	<u>67,521</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,071</u>	<u>\$ 221,071</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
INTERNAL SERVICE FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ 100	\$ 100	\$ 116	\$ 16
<b>TOTAL REVENUES</b>	<b>100</b>	<b>100</b>	<b>116</b>	<b>16</b>
<b>EXPENDITURES</b>				
Current				
Supporting services	353,000	353,000	146,577	206,423
<b>TOTAL EXPENDITURES</b>	<b>353,000</b>	<b>353,000</b>	<b>146,577</b>	<b>206,423</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(352,900)</b>	<b>(352,900)</b>	<b>(146,461)</b>	<b>206,439</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	200,000	200,000	-	(200,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>(200,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(152,900)</b>	<b>(152,900)</b>	<b>(146,461)</b>	<b>6,439</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>152,900</b>	<b>152,900</b>	<b>188,076</b>	<b>35,176</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,615</b>	<b>\$ 41,615</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
STUDENT SCHOLARSHIP EXPENDABLE TRUST FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 20,300	\$ 20,300	\$ 17,079	\$ (3,221)
<b>TOTAL REVENUES</b>	<u>20,300</u>	<u>20,300</u>	<u>17,079</u>	<u>(3,221)</u>
<b>EXPENDITURES</b>				
Current				
Community services	50,500	50,500	16,766	33,734
<b>TOTAL EXPENDITURES</b>	<u>50,500</u>	<u>50,500</u>	<u>16,766</u>	<u>33,734</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(30,200)</u>	<u>(30,200)</u>	<u>313</u>	<u>30,513</u>
<b>FUND BALANCE, July 1, 2011</b>	<u>30,200</u>	<u>30,200</u>	<u>7,435</u>	<u>(22,765)</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,748</u>	<u>\$ 7,748</u>



**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
 COMBINING STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE  
 NONEXPENDABLE TRUST FUNDS  
 JUNE 30, 2012**

	<b>Grace Brownlee Schlorship Nonexpendable Trust Fund</b>	<b>Barkhust Schlorship Nonexpendable Trust Fund</b>	<b>Arthur Straus Schlorship Nonexpendable Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 11,235	\$ 23,897	\$ 1,353	\$ 36,485
<b>TOTAL ASSETS</b>	<b>\$ 11,235</b>	<b>\$ 23,897</b>	<b>\$ 1,353</b>	<b>\$ 36,485</b>
<b>FUND BALANCES</b>				
Restricted - scholarships	\$ 10,000	\$ 16,000	\$ 1,050	\$ 27,050
Committed - scholarships	1,235	7,897	303	9,435
Total fund balances	11,235	23,897	1,353	36,485
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,235</b>	<b>\$ 23,897</b>	<b>\$ 1,353</b>	<b>\$ 36,485</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
 COMBINING STATEMENT OF CASH COLLECTED, EXPENDITURES PAID AND  
 CHANGES IN FUND BALANCE - CASH BASIS  
 NONEXPENDABLE TRUST FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2012**

	Grace Brownlee Schlorship Nonexpendable Trust Fund	Barkhust Schlorship Nonexpendable Trust Fund	Arthur Straus Schlorship Nonexpendable Trust Fund	Total
<b>REVENUES</b>				
Local sources	\$ 28	\$ -	\$ 1	\$ 29
<b>TOTAL REVENUES</b>	<b>28</b>	<b>-</b>	<b>1</b>	<b>29</b>
<b>EXPENDITURES</b>				
Current				
Supporting services	520	-	-	520
Community Serivces	200	600	-	800
<b>TOTAL EXPENDITURES</b>	<b>720</b>	<b>600</b>	<b>-</b>	<b>1,320</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(692)</b>	<b>(600)</b>	<b>1</b>	<b>(1,291)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(692)</b>	<b>(600)</b>	<b>1</b>	<b>(1,291)</b>
<b>FUND BALANCE, July 1, 2011</b>	<b>11,927</b>	<b>24,497</b>	<b>1,352</b>	<b>37,776</b>
<b>FUND BALANCE, June 30, 2012</b>	<b>\$ 11,235</b>	<b>\$ 23,897</b>	<b>\$ 1,353</b>	<b>\$ 36,485</b>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
GRACE BROWNLEE SCHOLARSHIP NONEXPENDABLE TRUST FUND  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 28	\$ 28
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>28</u>	<u>28</u>
<b>EXPENDITURES</b>				
Current				
Supporting services	2,000	2,000	520	1,480
Community services	<u>1,000</u>	<u>1,000</u>	<u>200</u>	<u>800</u>
<b>TOTAL EXPENDITURES</b>	<u>3,000</u>	<u>3,000</u>	<u>720</u>	<u>2,280</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(692)</u>	<u>2,308</u>
<b>FUND BALANCE, July 1, 2011</b>	<u>25,000</u>	<u>25,000</u>	<u>11,927</u>	<u>(13,073)</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 11,235</u>	<u>\$ (10,765)</u>

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
BARKHURST SCHOLARSHIP NONEXPENDABLE TRUST  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES</b>				
Current				
Community services	2,000	2,000	600	1,400
<b>TOTAL EXPENDITURES</b>	2,000	2,000	600	1,400
<b>NET CHANGE IN FUND BALANCE</b>	(2,000)	(2,000)	(600)	1,400
<b>FUND BALANCE, July 1, 2011</b>	23,000	23,000	24,497	1,497
<b>FUND BALANCE, June 30, 2012</b>	\$ 21,000	\$ 21,000	\$ 23,897	\$ 2,897

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF CASH COLLECTED, EXPENDITURES PAID AND CHANGES  
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL  
ARTHUR STRAUS SCHOLARSHIP NONEXPENDABLE TRUST  
FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 1	\$ 1
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>EXPENDITURES</b>				
Current				
Instruction	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<b>TOTAL EXPENDITURES</b>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(500)</u>	<u>(500)</u>	<u>1</u>	<u>501</u>
<b>FUND BALANCE, July 1, 2011</b>	<u>1,500</u>	<u>1,500</u>	<u>1,352</u>	<u>(148)</u>
<b>FUND BALANCE, June 30, 2012</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,353</u>	<u>\$ 353</u>

**OTHER FINANCIAL SCHEDULES**

**JACKSON COUNTY SCHOOL DISTRICT NO.6  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
YEAR ENDED JUNE 30, 2012**

	Tax Year	Uncollected July 1, 2011	Levy as Extended by Assessor	Discounts and Adjustments	Collections Per Treasurer	Uncollected June 30, 2012
<b><u>GENERAL FUND:</u></b>						
Current	2011-12		\$ 9,611,711	\$ (289,092)	\$ (8,886,587)	\$ 436,032
Prior	2010-11	\$ 475,819		13,993	(294,921)	194,891
	2009-10	197,258		213,859	(99,440)	114,419
	2008-09	98,403		115,672	(70,460)	45,212
	2007-08	41,734		52,630	(38,501)	14,129
	2006-07	9,085		9,914	(2,919)	6,995
	Prior	17,199		17,569	(4,767)	12,802
Total prior		839,498	-	409,644	(511,008)	388,448
<b>TOTAL GENERAL FUND</b>		<b>\$ 839,498</b>	<b>\$ 9,611,711</b>	<b>\$ 120,552</b>	<b>\$ (9,397,595)</b>	<b>\$ 824,480</b>
<b><u>DEBT SERVICE:</u></b>						
Current	2011-12		\$ 2,799,839	\$ (84,211)	\$ (2,588,614)	\$ 127,014
Prior	2010-11	\$ 129,064		4,716	(80,917)	52,863
	2009-10	52,002		4,376	(26,215)	30,163
	2008-09	29,308		5,144	(20,986)	13,466
	2007-08	12,405		3,238	(11,444)	4,199
	2006-07	2,771		252	(890)	2,133
	Prior	2,849		(1,125)	(468)	1,256
Total prior		228,399	-	11,885	(140,920)	104,080
<b>TOTAL DEBT SERVICE FUND</b>		<b>\$ 228,399</b>	<b>\$ 2,799,839</b>	<b>\$ (72,326)</b>	<b>\$ (2,729,534)</b>	<b>\$ 231,094</b>

**SCHOOL DISTRICT FINANCIAL**  
**ACCOUNTING SUMMARIES**



**2011 - 12 DISTRICT AUDIT REVENUE SUMMARY  
JACKSON COUNTY SCHOOL DISTRICT NO. 6**

<b>Revenue from Local Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
1110 Ad Valorem Taxes Levied by District	\$9,397,594		\$2,729,535				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax		\$6,355					
1190 Penalties and Interest on Taxes	\$2,177		\$393				
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State							
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition		\$9,818					
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	\$36,493	\$1,334	\$6,042			\$116	\$40
1600 Food Service		\$274,786					
1700 Extracurricular Activities	\$102,003	\$1,011,270					
1800 Community Services Activities							
1910 Rentals	\$5,665	\$34,429					
1920 Contributions and Donations From Private Sources	\$10,630	\$110,945					\$16,500
1930 Rental or Lease Payments From Private Contractors	\$72,900						
1940 Services Provided Other Local Education Agencies	\$13,273						
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$37,533	\$10,109					\$568
1970 Services Provided Other Funds							
1980 Fees Charged to Grants	\$38,145	\$11,220					
1990 Miscellaneous	\$321,137						
<b>Total Revenue from Local Sources</b>	<b>\$10,037,550</b>	<b>\$1,470,266</b>	<b>\$2,735,970</b>	<b>\$0</b>	<b>\$0</b>	<b>\$116</b>	<b>\$17,108</b>
<b>Revenue from Intermediate Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
2101 County School Funds							
2102 General ESD Revenue							
2103 Excess ESD Local Revenue							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from State Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
3101 State School Fund - General Support	\$21,481,063						
3102 State School Fund - School Lunch Match		\$15,272					
3103 Common School Fund	\$406,962						
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	\$1,015,807	\$126,566					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$22,903,832</b>	<b>\$141,838</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Federal Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</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	\$1,580,022	\$3,431,977					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$78,612						
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		\$89,946					
<b>Total Revenue from Federal Sources</b>	<b>\$1,658,634</b>	<b>\$3,521,923</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue from Other Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers		\$29,795					
5300 Sale of or Compensation for Loss of Fixed Assets	\$565,060						
5400 Resources - Beginning Fund Balance	\$2,724,367	\$1,191,015	\$67,521			\$188,076	\$45,211
<b>Total Revenue from Other Sources</b>	<b>\$3,289,427</b>	<b>\$1,220,810</b>	<b>\$67,521</b>	<b>\$0</b>	<b>\$0</b>	<b>\$188,076</b>	<b>\$45,211</b>
<b>Grand Totals</b>	<b>\$37,889,443</b>	<b>\$6,354,837</b>	<b>\$2,803,491</b>	<b>\$0</b>	<b>\$0</b>	<b>\$188,192</b>	<b>\$62,319</b>

**2011 - 12 DISTRICT AUDIT EXPENDITURE SUMMARY  
JACKSON COUNTY SCHOOL DISTRICT NO. 6**

**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	\$6,658,159	\$4,244,683	\$2,269,360	\$1,149	\$142,967			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$3,553,020	\$2,194,061	\$1,252,837	\$13,664	\$92,273		\$185	
1122 Middle/Junior High School Extracurricular	\$27,269	\$16,478	\$5,939	\$4,082	\$746		\$25	
1131 High School Programs	\$5,451,080	\$3,361,043	\$1,917,450	\$42,661	\$128,598		\$1,328	
1132 High School Extracurricular	\$577,540	\$369,681	\$116,896	\$61,271	\$25,742		\$3,950	
1140 Pre-Kindergarten Programs	\$60,848			\$60,848				
1210 Programs for the Talented and Gifted	\$8,116	\$5,474	\$1,807		\$836			
1220 Restrictive Programs for Students with Disabilities	\$703,346	\$344,888	\$244,444	\$110,140	\$3,833		\$40	
1250 Less Restrictive Programs for Students with Disabilities	\$1,404,103	\$843,684	\$539,865	\$16,479	\$4,076			
1260 Treatment and Habilitation	\$44,993	\$25,262	\$19,731					
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$447,522	\$258,466	\$137,758	\$50,845	\$453			
1291 English Second Language Programs	\$326,431	\$202,625	\$122,913		\$894			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$5,341	\$5,341						
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$532	\$400	\$132					
<b>Total Instruction Expenditures</b>	\$19,268,300	\$11,872,084	\$6,629,131	\$361,139	\$400,419	\$0	\$5,528	\$0
<b>Support Services Expenditures</b>								
2110 Attendance and Social Work Services	\$64,331	\$21,398	\$20,247	\$21,984	\$703			
2120 Guidance Services	\$428,688	\$277,205	\$151,470		\$12			
2130 Health Services	\$38,052			\$36,625	\$1,427			
2140 Psychological Services	\$100,919	\$61,622	\$33,930	\$3,204	\$2,162			
2150 Speech Pathology and Audiology Services	\$183,755	\$114,397	\$51,198	\$16,683	\$1,091		\$385	
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$196,769	\$111,645	\$68,198	\$6,561	\$9,271		\$1,094	
2210 Improvement of Instruction Services	\$222,065	\$142,705	\$58,914	\$2,130	\$17,721		\$595	
2220 Educational Media Services	\$423,536	\$195,979	\$181,118	\$222	\$46,041		\$175	
2230 Assessment & Testing	\$70,523	\$42,831	\$27,692					
2240 Instructional Staff Development	\$450	\$324	\$27	\$89	\$10			
2310 Board of Education Services	\$88,395			\$74,528	\$6,832		\$7,035	
2320 Executive Administration Services	\$272,453	\$188,100	\$77,046	\$4,230	\$1,326		\$1,750	
2410 Office of the Principal Services	\$2,566,695	\$1,495,175	\$942,179	\$69,839	\$51,780		\$7,722	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$426,229	\$248,059	\$81,373	\$73,630	\$15,437		\$7,729	
2520 Fiscal Services	\$203,723	\$101,762	\$83,549	\$18,413				
2540 Operation and Maintenance of Plant Services	\$3,181,436	\$1,101,573	\$809,002	\$892,534	\$128,620		\$249,708	
2550 Student Transportation Services	\$1,863,524	\$25,020	\$12,785	\$1,550,270	\$275,079		\$370	
2570 Internal Services	\$17,234	\$3,784	\$2,443	\$88	\$10,919			
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$10,113			\$10,113				
2630 Information Services	\$0							
2640 Staff Services	\$224,101	\$143,825	\$68,159	\$7,619	\$2,412		\$2,087	
2660 Technology Services	\$885,415	\$168,145	\$101,309	\$137,398	\$398,669	\$19,672	\$60,222	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$1,257,509	\$223,731	\$1,033,778					
<b>Total Support Services Expenditures</b>	\$12,725,913	\$4,667,279	\$3,804,417	\$2,926,161	\$969,512	\$19,672	\$338,872	\$0
<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>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<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	\$165,213					\$165,213		
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$165,213	\$0	\$0	\$0	\$0	\$165,213	\$0	\$0
<b>Other Uses Expenditures</b>								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$29,795							\$29,795
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$29,795	\$0	\$0	\$0	\$0	\$0	\$0	\$29,795
<b>Grand Total</b>	\$32,189,222	\$16,539,363	\$10,433,548	\$3,287,300	\$1,369,931	\$184,885	\$344,400	\$29,795

**2011 - 12 DISTRICT AUDIT EXPENDITURE SUMMARY  
JACKSON COUNTY SCHOOL DISTRICT NO. 6**

**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	\$118,380	\$72,623	\$26,853	\$2,051	\$16,853			
1113 Elementary Extracurricular	\$127,398			\$9,088	\$101,994		\$16,316	
1121 Middle/Junior High Programs	\$6,223	\$162	\$52		\$6,008			
1122 Middle/Junior High School Extracurricular	\$166,219	\$4,041	\$1,102	\$14,790	\$136,240		\$10,047	
1131 High School Programs	\$25,904	\$728	\$163	\$2,719	\$22,294			
1132 High School Extracurricular	\$727,818			\$209,191	\$498,704		\$19,923	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$560,746	\$206,417	\$162,883	\$191,445				
1250 Less Restrictive Programs for Students with Disabilities	\$502,414	\$249,543	\$229,855	\$18,035	\$4,980			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$771,649	\$470,616	\$224,696	\$38,318	\$38,020			
1280 Alternative Education	\$9,644	\$5,566	\$1,849	\$1,980	\$249			
1291 English Second Language Programs	\$11,831	\$4,150	\$1,294	\$687	\$5,699			
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>\$3,028,226</b>	<b>\$1,013,847</b>	<b>\$648,748</b>	<b>\$488,305</b>	<b>\$831,041</b>	<b>\$0</b>	<b>\$46,286</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	\$3,292	\$1,201	\$98		\$1,687		\$306	
2120 Guidance Services	\$652				\$652			
2130 Health Services	\$96,940			\$96,471	\$469			
2140 Psychological Services	\$173,741	\$118,919	\$54,822					
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	\$96,046	\$31,393	\$15,957	\$32,574	\$15,733		\$389	
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$1,017				\$1,017			
2240 Instructional Staff Development	\$89,631	\$45,945	\$21,183	\$10,787	\$11,645		\$70	
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	\$38,145						\$38,145	
2540 Operation and Maintenance of Plant Services	\$5,112			\$150	\$4,962			
2550 Student Transportation Services	\$1,500			\$1,500				
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	\$10,302	\$1,355	\$112	\$917	\$7,917			
2660 Technology Services	\$2,680				\$2,680			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	<b>\$519,058</b>	<b>\$198,812</b>	<b>\$92,173</b>	<b>\$142,399</b>	<b>\$46,763</b>	<b>\$0</b>	<b>\$38,910</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	\$1,419,987	\$444,560	\$310,153	\$26,704	\$626,235		\$12,335	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$1,094	\$274	\$91		\$729			
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$1,421,081</b>	<b>\$444,834</b>	<b>\$310,244</b>	<b>\$26,704</b>	<b>\$626,963</b>	<b>\$0</b>	<b>\$12,335</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	\$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>	<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	\$206,565						\$206,565	
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>\$206,565</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$206,565</b>	<b>\$0</b>

<b>Grand Total</b>	<b>\$5,174,930</b>	<b>\$1,657,494</b>	<b>\$1,051,165</b>	<b>\$657,408</b>	<b>\$1,504,767</b>	<b>\$0</b>	<b>\$304,096</b>	<b>\$0</b>
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**2011 - 12 DISTRICT AUDIT EXPENDITURE SUMMARY  
JACKSON COUNTY SCHOOL DISTRICT NO. 6**

**Fund: 300 Debt Service 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	\$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							
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	\$2,582,420						\$2,582,420	
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>	\$2,582,420	\$0	\$0	\$0	\$0	\$0	\$2,582,420	\$0
<b>Grand Total</b>	\$2,582,420	\$0	\$0	\$0	\$0	\$0	\$2,582,420	\$0

**2011 - 12 DISTRICT AUDIT EXPENDITURE SUMMARY  
JACKSON COUNTY SCHOOL DISTRICT NO. 6**

**Fund: 600 Internal Service 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	\$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	\$146,577		\$146,577					
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>\$146,577</b>	<b>\$0</b>	<b>\$146,577</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$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>	<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>\$146,577</b>	<b>\$0</b>	<b>\$146,577</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**2011 - 12 DISTRICT AUDIT EXPENDITURE SUMMARY  
JACKSON COUNTY SCHOOL DISTRICT NO. 6**

**Fund: 700 Trust and Agency 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	\$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	\$520						\$520	
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>\$520</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$520</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	\$17,566			\$17,566				
3500 Custody and Care of Children Services	\$0							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$17,566</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,566</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	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$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>	<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>\$18,086</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,566</b>	<b>\$0</b>	<b>\$0</b>	<b>\$520</b>	<b>\$0</b>

JACKSON COUNTY SCHOOL DISTRICT NO. 6  
 SUPPLEMENTAL INFORMATION, 2011-2012

School District Business Managers and Auditors:

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

Part A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

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

	Objects 325 & 326
Function 2540	\$585,044
Function 2550	\$

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

\$

Exclude these functions:

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

Exclude these functions:

- 4150 Construction
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services

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

We have audited the basic financial statements of the Jackson County School District No. 6 as of and for the year ended June 30, 2012, and have issued our report thereon dated December 20, 2012. 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 of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Jackson County School District No. 6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Investments of surplus funds authorized under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- Debt limitations under ORS Chapter 328.245

In connection with our audit, nothing came to our attention that caused us to believe Jackson County School District No. 6 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.



## **Accounting Systems and Internal Controls**

The District's accounting and internal controls systems are adequate and the majority of the accounting records are properly maintained. However, with the turnover in personnel, various critical records were unavailable for review. There were significant deficiencies noted in the accompanying schedule of findings and questioned costs.

## **Collateral**

Based on our review of the District's records, the District was in compliance with the provisions of ORS Chapter 295. The banks used by the District were considered qualified financial institutions for the year ended June 30, 2012.

## **Budget Compliance**

We reviewed the preparation, adopting, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget. Based on our procedures, the District appears to have complied with statutory requirements for the current year and the ensuing year's budget.

A resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are established by department in the General Fund, and by function (personal services, materials and services, capital outlay, debt service, transfers to other funds and operating contingency) in other funds. The District exceeded its authorized appropriations for the year ended June 30, 2012, as follows:

Federal Programs Fund	
Instruction	\$7,483

The District's Federal Programs fund had a deficit fund balance of \$197,683 at year end. Management expects this deficit to be rectified when reimbursements are received for various qualifying federal grant expenditures.

## **Insurance and Fidelity Bond Coverage**

We reviewed the District's insurance policies and determined that such policies appeared to be in force at June 30, 2012. We are not competent by training to comment on the adequacy of the insurance policies covering District owned property at June 30, 2012.

Based on the results of our tests, the District has complied with the provisions of ORS 332.525 regarding the bonding of District personnel.

## **Indebtedness**

The District's bonded indebtedness was in compliance with the provisions of ORS 328.245. The District was in compliance with all debt covenants and all payments were made on a timely basis.

## **Programs Funded From Outside Sources**

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the District materially complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and for the majority of the items tested, financial reports and related data were in agreement with and supported by the accounting records.

Separate reports have been issued to report on compliance with appropriate laws and regulations pertaining to Federal Financial Assistance.

## **Investments**

Based on our procedures, it appears that the District was in compliance with the legal requirements of ORS Chapter 294 pertaining to the investment of public funds.

## **Public Contracts and Purchasing**

Based on our procedures and our review of the minutes, the District appears to have complied with the legal requirements pertaining to the awarding of public contracts and the construction of public improvements as contained in ORS Chapter 279.

## **State School Fund Distribution Factors**

Based on our procedures, the District appears to have materially complied with the legal requirements as stated in ORS 327.013 and as further defined by the Oregon State Department of Education pertaining to the District's calculation and reporting of the factors used to compute the State School Fund distribution.

## **Internal Control**

In planning and performing our audit, we considered the Jackson County School District No. 6 internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County School District No. 6's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jackson County School District No. 6's internal control over financial reporting or over compliance.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies which are reported in the report on internal control over financial reporting and on compliance and matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of Jackson County School District No. 6 and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.



Michael L. Piels CPAs, LLP  
December 20, 2012

**Items required by the Single Audit Act  
Amendments of 1996 for Federal award programs**



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

Board of Directors  
Jackson County School District No. 6  
Central Point, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jackson County School District No. 6 (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2012, which was an unqualified opinion based on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

Internal Control Over Financial Reporting

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

*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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, noted as item 2012-1.

Board of Directors  
Jackson County School District No. 6  
Central Point, Oregon

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated December 20, 2012.

This report is intended solely for the information and use of management, the Board of Directors, the State of Oregon, Division of Audits, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

 Stewart C. Farnelle CPA, Partner

Michael L. Piels CPAs, LLP  
December 20, 2012

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Jackson County School District No. 6  
Central Point, Oregon

Compliance

We have audited Jackson County School District No. 6's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the District's 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with the requirements which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying schedule of findings and questions as item 2012-2.

Board of Directors  
Jackson County School District No. 6  
Central Point, Oregon

### Internal Control Over Compliance

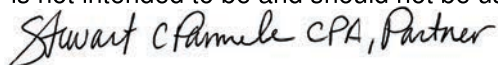
Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the District's 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2012-2. A significant deficiency in internal control over compliance is a deficiency, or 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.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion in the response.

This report is intended solely for the information of the Board of Directors, management, the State of Oregon, Secretary of State, Division of Audits, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Michael L. Piels CPAs, LLP  
December 20, 2012

**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Central Point, Oregon**

**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2012**

Federal Grantor Pass through Grantor	CFDA Number	Prior Year Receivable	2011-12 Receipts	2011-12 Disbursements	Current Year Receivable
Program Title					
<b>U.S. Department of Education:</b>					
Passed through Oregon State Department of Education:					
ARRA SFSF 09-10	84.394	\$ (197,161)	\$ 197,161	\$ -	\$ -
ARRA SFSF 10-11	84.394	(486,726)	486,726	-	-
		<b>(683,887)</b>	<b>683,887</b>	-	-
ARRA Ed Jobs	84.410	(883,085)	896,135	13,049	-
Title I 10-11	84.010	(206,126)	382,758	176,632	-
Title I 11-12	84.010	-	664,283	743,980	(79,697)
		<b>(206,126)</b>	<b>1,047,041</b>	<b>920,612</b>	<b>(79,697)</b>
IDEA 10-11	84.027	(33,398)	343,568	310,170	-
IDEA 11-12	84.027	-	615,433	704,148	(88,715)
SPR & I 11-12	84.027	-	3,385	3,385	-
IDEA Enhancement 11-12	84.027	-	7,564	7,894	(330)
		<b>(33,398)</b>	<b>969,950</b>	<b>1,025,597</b>	<b>(89,045)</b>
IDEA 619 Preschool Grant 09-10	84.173	(9,825)	9,825	-	-
IDEA 619 Preschool Grant 10-11	84.173	-	5,979	6,227	(248)
IDEA 619 Preschool Grant 11-12	84.173	-	-	606	(606)
		<b>(9,825.00)</b>	<b>15,804</b>	<b>6,833</b>	<b>(854)</b>
ARRA Title I School Improvement Tier III	84.389	(16,186)	34,653	18,467	-
ARRA Title I School Improvement	84.389	(21,489)	21,489	-	-
		<b>(37,675)</b>	<b>56,142</b>	<b>18,467</b>	-
Title IIA Teacher Quality 10-11	84.367	(7,002)	38,630	46,496	(14,868)
Title IIA Teacher Quality 11-12	84.367	-	67,079	80,224	(13,145)
		<b>(7,002)</b>	<b>105,709</b>	<b>126,720</b>	<b>(28,013)</b>
Title III English Language Acquisition 10-11	84.365	(1,719)	13,080	11,361	-
Title III English Language Acquisition 11-12	84.365	-	717	791	(74)
		<b>(1,719)</b>	<b>13,797</b>	<b>12,152</b>	<b>(74)</b>
ARRA IDEA	84.391	(61,695)	61,695	-	-
Long Term Care and Treatment-Title I 09-11	84.013	(2,520)	2,520	-	-
Long Term Care and Treatment-Title I 11-13	84.013	-	-	9,652	(9,652)
IDEA LTCT 09-11	84.027	(2,063)	2,063	-	-
IDEA LTCT 11-13	84.027	-	-	10,411	(10,411)
ARRA LTCT	84.391	(10,799)	10,799	-	-
<b>Total U.S. Department of Education</b>		<b>\$ (1,939,794)</b>	<b>\$ 3,865,542</b>	<b>\$ 2,143,493</b>	<b>\$ (217,746)</b>



**JACKSON COUNTY SCHOOL DISTRICT NO. 6**  
**Central Point, Oregon**

**Schedule of Expenditures of Federal Awards (continued)**  
**For the Fiscal Year Ended June 30, 2012**

Federal Grantor	CFDA Number	Prior Year Receivable	2011-12 Receipts	2011-12 Disbursements	Current Year Receivable
Pass through Grantor					
Program Title					
<b><u>Department of Health and Human Services</u></b>					
Direct Award:					
Healthy Tomorrows Partnership for Children F	93.110	\$ -	\$ 21,240	\$ 21,240	-
<b><u>U.S. Department of Agriculture:</u></b>					
Passed through Oregon State Department of Education:					
National School Lunch	10.555	821,610	821,610	821,610	821,610
National School Breakfast	10.553	280,584	280,584	280,584	280,584
Summer Food Service	10.559	23,023	23,023	23,023	23,023
Child & Adult Care Food Program	10.558	551	-	551	-
Commodities	10.550	89,946	89,946	89,946	89,946
		<b>1,215,714</b>	<b>1,215,163</b>	<b>1,215,714</b>	<b>1,215,163</b>
Passed through Southern Oregon ESD:					
Federal Forest Fees	10.666	-	78,612	78,612	-
<b>Total U.S. Department of Agriculture</b>		<b>\$ 1,215,714</b>	<b>\$ 1,293,775</b>	<b>\$ 1,294,326</b>	<b>\$ 1,215,163</b>
<b>Total Federal Financial Assistance</b>		<b>\$ (724,080)</b>	<b>\$ 5,180,557</b>	<b>\$ 3,459,059</b>	<b>\$ 997,417</b>

**Note A - Significant accounting policies**

The accompanying schedule of expenditures of federal award is a summary of the activity of the District's federal award programs presented on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**Note B - Food distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

1. The auditor's report expresses an unqualified opinion on the cash basis of accounting on the basic financial statements of Jackson County School District No. 6.
2. One significant deficiency relating to the audit of the basic financial statements is reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This significant deficiency was not considered to be a material weakness.
3. No instances of noncompliance material to the basic financial statements of Jackson County School District No. 6 were disclosed during the audit.

**Federal Awards**

4. One significant deficiency relating to the audit of the major federal award programs is reported in the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. This significant deficiency was not considered to be a material weakness.
5. The auditor's report on compliance for the major federal award programs for Jackson County School District No. 6 expresses an unqualified opinion on the cash basis of accounting.
6. There was one audit finding relative to the major federal award programs for Jackson County School District No. 6 to be reported in this Schedule.
7. The programs tested as major programs include:

U.S. Department of Education – Title I CFDA # 84.010

**Audited as a Cluster**

U.S. Department of Education – IDEA CFDA # 84.027  
U.S. Department of Education – IDEA 619 Preschool Grant CFDA # 84.173

8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. Jackson County School District No. 6 did not qualify as a low-risk auditee under the criteria specified in OMB Circular A-133.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT – CURRENT FISCAL YEAR**

2012-1 Cash management - student body funds

Criteria: Proper controls should be in place and monitored to ensure that all cash received and disbursed is properly recorded at the various schools within the District's boundaries. At a minimum, documentation should include the following information: Payer(s) name, form of payment, amounts paid or received, date, account code, and the initials of person approving the transactions.

Statement of Condition: Adequate controls were not in place to ensure the cash collections and disbursements were properly approved and recorded at the District's schools. There was to be the review of bank reconciliations, review of the bank deposits, and review and sign off by the principals for expenditures. This review process was not evident and needs to be made a priority.

Effect: or Potential Effect: Without adequate controls or procedures in place to properly record cash transactions, the likelihood of an intentional error or irregularity existing and not being detected over time could result in a material misstatement in the financial statements.

Perspective Information: For 13 of 35 items tested for expenditures, supporting documentation was incomplete. This leaves the District, the school, and the employee vulnerable to questions of cash management and accountability.

Cause: The District did not follow its own policies included in the Student Body Handbook.

Recommendations: The District was to implement a new student body handbook for this fiscal year. We recommend the District follow the Student Body Handbook.

The District's leadership team plans to take the following corrective action:

- Revise and re-issue student-body handbook to all sites.
- Review internal control and financial compliance procedures during administrator meetings throughout the year.
- Review internal control and financial compliance procedures during the annual meeting with site secretaries/bookkeepers.
- Monthly review of bank reconciliations, bank deposits, and expenditure approval by site administrators to be performed by Financial Services Manager or his/her designee.
- Random annual on-site audit of each school by the Financial Services Manager or his/her designee.
- Document occurrences, areas, and/or personnel failing to meet proper internal controls and financial compliance.
- Correct and/or take disciplinary action in accordance with State and Federal law, Board Policy, and Employee Contracts.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Federal Programs

Title 1 – CFDA #84.010

IDEA – CFDA #84.027

IDEA, 619 Preschool Grant – CFDA #84.173

2012-2 Time and Effort Documentation

Criteria: In accordance with OMB Circular A-87, the costs of compensation for personnel services are allowable if adequate support exists. When employees are expected to work solely on a single Federal Award or cost objective, charges for their salary and/or wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. When the employee works on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Statement of Condition: The District was not in compliance with OMB Circular A-87 for payroll costs charged to Federal grants as listed above. There was a lack of evidence to support the time and effort reports for the Federal program payroll expenditures.

Perspective Information: The identified instances of noncompliance may have an impact to the District because the District may have to refund the granting agency for those related payroll expenditures.

Effect or Potential Effect: The lack of the time and effort logs could require the District to have to pay back the monies received under the various Federal programs that require time and effort records.

Cause: Management used its payroll timecards as its time and effort log. However, the timecards did not break out the different areas of responsibilities for the individual being paid. This finding is a repeat from the prior year. However, once the District realized the need for the Time and Effort reporting, this was started in January of 2012.

Recommendations: We recommended the District to complete the process of identifying time charges to federal programs for finalizing the time and effort logs. The District implemented a time and effort reporting process starting in January of 2012.

The District's leadership team took the following corrective actions:

- Revise District time-sheet in order to meet federal program time and effort requirements.
- Review time and effort process and progress with site-administrators during administrator meetings throughout the year.
- Review time and effort procedures during the annual meeting with site secretaries/bookkeepers.
- Regular and recurring review of time and effort documentation throughout the year by District Office staff.

Because of the timing of the auditing process for the Schedule of Expenditures of Federal Awards, the District still has the finding from the prior year that affects the 2011-12 fiscal year. The District has implemented its corrective action plan.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**D. FINDINGS – FINANCIAL STATEMENTS AUDIT – Prior Year**

2011-1 Cash management - student body funds

Criteria: Proper controls should be in place and monitored to ensure that all cash received and disbursed is properly recorded at the various schools within the District's boundaries. At a minimum, documentation should include the following information: Payer(s) name, form of payment, amounts paid or received, date, account code, and the initials of person approving the transactions.

Statement of Condition: Adequate controls were not in place to ensure the cash collections and disbursements were properly approved and recorded at the District's schools. There was to be the review of bank reconciliations, review of the bank deposits, and review and sign off by the principals for expenditures. This review process was not evident and needs to be made a priority.

Effect: or Potential Effect: Without adequate controls or procedures in place to properly record cash transactions, the likelihood of an intentional error or irregularity existing and not being detected over time could result in a material misstatement in the financial statements.

Perspective Information: For 13 of 35 items tested for expenditures, supporting documentation was incomplete. This leaves the District, the school, and the employee vulnerable to questions of cash management and accountability.

Cause: The District did not follow its own policies included in the Student Body Handbook.

Recommendations: The District was to implement a new Student Body Handbook for this fiscal year. We recommend the District follow the Student Body Handbook.

The District's leadership team plans to take the following corrective action:

- Revise and re-issue the Student Body Handbook to all sites.
- Review internal control and financial compliance procedures during administrator meetings throughout the year.
- Review internal control and financial compliance procedures during the annual meeting with site secretaries/bookkeepers.
- Monthly review of bank reconciliations, bank deposits, and expenditure approval by site administrators to be performed by Financial Services Manager or his/her designee.
- Random annual on-site audit of each school by the Financial Services Manager or his/her designee.
- Document occurrences, areas, and/or personnel failing to meet proper internal controls and financial compliance.
- Correct and/or take disciplinary action in accordance with State and Federal law, Board Policy, and Employee Contracts.

Follow-up on prior year finding – The District is actively engaged in getting the time and effort tracking under the control and internal control system used by the District as a whole. There has been significant progress made in the current fiscal year.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**E. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT – PRIOR FISCAL YEAR**

Federal Programs

Title 1 - CFDA #84.010  
IDEA - CFDA #84.027

2011-2 Time and Effort Documentation

Criteria: In accordance with OMB Circular A-87, the costs of compensation for personnel services are allowable if adequate support exists. When employees are expected to work solely on a single Federal Award or cost objective, charges for their salary and/or wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. When the employee works on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Statement of Condition: The District was not in compliance with OMB Circular A-87 for payroll costs charged to Federal grants as listed above. There was a lack of evidence to support the time and effort reports for the Federal program payroll expenditures.

Perspective Information: The identified instances of noncompliance may have an impact to the District because the District may have to refund the granting agency for those related payroll expenditures.

Questioned Costs: There was \$1.9 million in payroll and payroll related costs charged to these Federal programs.

Effect or Potential Effect: The lack of the time and effort logs could require the District to have to pay back the monies received under the various Federal programs that require time and effort records.

Cause: Management used its payroll timecards as its time and effort log. However, the timecards did not break out the different areas of responsibilities for the individual being paid. This finding is a repeat from the prior year. However, once the District realized the need for the Time and Effort reporting, this was started in January of 2012.

Recommendations: We recommended the District to complete the process of identifying time charges to federal programs for finalizing the time and effort logs. The District implemented a time and effort reporting process starting in January of 2012.

The District's leadership team took the following corrective actions:

- Revise District time-sheet in order to meet federal program time and effort requirements.
- Review time and effort process and progress with site-administrators during administrator meetings throughout the year.
- Review time and effort procedures during the annual meeting with site secretaries/bookkeepers.
- Regular and recurring review of time and effort documentation throughout the year by District Office staff.

**JACKSON COUNTY SCHOOL DISTRICT NO. 6  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2012**

**E. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT – PRIOR FISCAL YEAR (continued)**

Follow-up on prior year finding – The District is actively engaged in getting the time and effort tracking under the control and internal control system used by the District as a whole. There has been significant progress made in the current fiscal year.