Cascade School District #5

Turner, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

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CASCADE SCHOOL DISTRICT NO. 5

OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2015

SUPERINTENDENT

Darin Drill

DEPUTY CLERK

Simon Levear
(Term ended July 13, 2015)

Scott Pillar
(Term began August 17, 2015)

BOARD OF DIRECTORS	TERM EXPIRATION
Karen Ramseyer 6456 Mustang Court SE Salem, OR 97301	June 30, 2017
Dominic Federico 5550 Sandra Ln Turner, OR 97392	June 30, 2019
Heather Pate 6046 B Street Turner, OR 97392	September 14, 2015
Ron Johnson PO Box 1205 Turner, OR 97392	June 30, 2017
Brett Stegall 7885 Nathan Street SE Salem, OR 97317	June 30, 2017

DISTRICT OFFICE

10226 Marion Rd SE
Turner, OR 97392

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CASCADE SCHOOL DISTRICT NO. 5

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Boldt Carlisle + Smith
CERTIFIED PUBLIC ACCOUNTANTS

The right people. The right answers.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CASCADE SCHOOL DISTRICT NO. 5
Turner, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CASCADE SCHOOL DISTRICT NO. 5**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **CASCADE SCHOOL DISTRICT NO. 5,** as of June 30, 2015, the respective changes in financial position, and the budgetary comparisons for the General and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v and the required supplementary information on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, 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 on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporation, we have also issued our report dated December 31, 2015, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2015
By:

Bradley G. Bingenheimer, Member

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CASCADE SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

As management of the Cascade School District No. 5, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the information presented in this report.

FINANCIAL HIGHLIGHTS

- The Governmental Accounting Standards Board (GASB) amended their statement number 17 with statement 68. "GASB 68" provided clarified guidance on how we record our retirement assets and liabilities on the books. The net effect of this clarification is reflected most notably in a reduction of net position from a 2014 (unadjusted) amount of $12,153,191 to an adjusted amount of $3,841,263 in 2015.
- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2015 by $3,841,263. Of this amount, $1,395,315 represents amounts restricted for debt service, capital projects, student body activities, scholarships, swimming pool endowment, and grants; $14,485,032 is net investment in capital assets, leaving $(12,039,094) in unrestricted net position.
- At the end of the fiscal year, unassigned fund balance for the General Fund on a budget basis was $1,295,072.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

The Statement of Net Position – The statement of net position presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities – The statement of activities presents information showing how the net position of the District changed over the year by tracking revenues, expenditures and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Examples are: uncollected property taxes, earned but unused vacation leave and early retirement obligations.

Fund financial statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. To be considered a "major" fund, the fund must meet two criteria. Assets, liabilities, revenue or expenditures must be at least 10% of all governmental funds and at least 5% of the combined governmental and proprietary funds.

Governmental funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements. The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

The District maintains individual governmental funds. The governmental funds reported as "major" funds are:

General
Special Revenue
Debt Service

The governmental funds reported as "non-major" funds are:

Capital Projects
Burkland Pool Endowment (Permanent Fund)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position This year's financial statements include the effects of GASB 68 which has adjusted the statement of net position downward significantly. The deferred outflows and inflows relate to future actuarial estimates of whether the District will have to pay more or less than what's currently in their pension bond programs, and those future estimates are subject to volatility, as they are in the system at large. In the case of the District, assets exceeded liabilities by $3,841,263 at June 30, 2015, which is a decrease of $8,311,928 from June 30, 2014.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles and equipment, represent 80 percent of total assets. The remaining assets consist primarily of: investments, cash, receivables and prepaid pension cost.

The District's largest liabilities (93 percent) are long-term obligations: Bonds, compensated absences, accumulated early retirement, and net other post-employment benefits.

A large portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents. Consequently these assets are not available for future spending.

NET POSITION

	2014	2015
Assets		
Current and other assets	$ 14,199,048	$ 7,429,949
Capital assets	30,254,555	29,723,141
Total assets	**44,453,603**	**37,153,090**
Deferred Outflows of Resources		
Deferred charge on refunding	1,166,838	1,037,189
Pension related items		762,314
Total deferred outflows	1,166,838	1,799,503
Liabilities		
Other liabilities	4,207,556	2,444,890
Long-term obligations	29,259,694	30,193,272
Total liabilities	**33,467,250**	**32,638,162**
Deferred Inflows of Resources		
Pension related items		2,473,168
Total deferred inflows		2,473,168
Net position		
Net investment in capital assets	14,104,742	14,485,032
Restricted	1,427,317	1,395,315
Unrestricted	(3,378,868)	(12,039,084)
Total net position	**$ 12,153,191**	**$ 3,841,263**

CHANGES IN NET POSITION

	Years ended June 30th	
	2014	2015
Revenues		
Program		
Charges for services	$ 1,236,287	$ 872,099
Operating grants and contributions	1,715,751	1,220,163
General		
Property taxes	5,631,706	5,802,336
State school fund	13,396,126	13,982,633
Other	1,138,155	1,130,141
Total revenues	**23,118,025**	**23,007,372**
Expenses		
Instruction	12,055,432	11,361,572
Support services	8,095,528	7,892,196
Enterprise and community services	1,039,775	1,046,788
Interest on long-term obligations	1,411,887	1,432,576
Total expenses	**22,602,622**	**21,733,132**
Change in net position	515,402	2,356,258
Net position – July 1	11,637,789	12,153,191
Prior Period adjustment		(10,668,186)
Net position – June 30	**$ 12,153,191**	**$ 3,841,263**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Summary of ending fund balances for the major governmental funds for 2014 and 2015 are as follows:

ENDING FUND BALANCES – MAJOR FUNDS

Fund	2014	2015	Change
General	$ 1,193,423	$ 1,308,644	$ 115,221
Special revenue	864,878	895,819	30,941
Debt service	243,816	95,688	(148,128)
	$ 2,302,117	$ 2,300,151	$ (1,906)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets, including land, buildings and improvements, site improvements, vehicles and equipment (net of depreciation) are as follows:

	2014	2015
Land and land improvements	$ 182,191	$ 182,191
Construction in progress	9,812	53,199
Buildings and equipment	30,062,552	29,487,841
Totals	$ 30,254,555	$ 29,723,141

Additional information on the District's capital assets in located in Note 5.

At the end of the fiscal year, the District had $29,259,694 in long-term obligations, which consisted of the following:

Limited Tax Qualified Zone Academy Revenue Bonds 2010	1,380,000
Pension Obligation – Limited Tax Pension Bond, Series 2003	11,337,828
General Obligation Refunding Bonds, Series 2013	13,365,000
General Obligation Bonds, Series 2006	440,000
Compensated absences	32,707
Accumulated early retirement	42,430
Net other post-employment benefits	1,493,444

During the year $1,533,024 of long-term obligations was retired. Additional information on the District's long-term obligations is located in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to economic factors in Oregon and a slight increase in overall enrollment in the district, we are expecting to see a modest increase in our State School Fund revenues for 2015-16, our largest revenue source. We also expect to see modest increases in property tax revenue. The district's priority is to bring back things prior year budget reductions and apply some of the expected revenue increases to negotiated salary and benefit increases and natural roll up costs for employees.

REQUEST FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors and creditors) with a general overview of the District's finances and demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Finance, Scott B. Pillar, 10226 Marion Road SE, Turner, OR. 97392.

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BASIC FINANCIAL STATEMENTS

CASCADE SCHOOL DISTRICT NO. 5

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Deposits and investments	$ 4,536,262
Restricted cash	142,716
Receivables	1,525,799
Prepaid items	13,572
Inventory	19,603
Net pension asset	1,191,997
Capital assets:	
Land	182,191
Construction in progress	53,109
Buildings and equipment, net	29,487,841
TOTAL ASSETS	37,153,090
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,037,189
Pension related items	762,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,799,503
LIABILITIES	
Accounts, salaries, and contracts payable	2,420,189
Accrued interest payable	24,701
Bond premium, net	2,101,863
Long-term obligations:	
Due within one year	1,454,152
Due in more than one year	26,637,257
TOTAL LIABILITIES	32,638,162
DEFERRED INFLOWS OF RESOURCES	
Pension related items	2,473,168
NET POSITION	
Net investment in capital assets	14,485,032
Restricted for:	
Debt service	148,612
Capital projects	409,085
Student body activities	356,228
Scholarships	42,716
Swimming pool endowment	112,379
Grants	326,295
Unrestricted	(12,039,084)
TOTAL NET POSITION	$ 3,841,263

See accompanying notes

CASCADE SCHOOL DISTRICT NO. 5

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 11,361,572	$ 872,099	$ 1,220,163	$ (9,269,310)
Support services	7,892,196	-	-	(7,892,196)
Enterprise and community services	1,046,788	432,737	649,281	35,230
Interest on long-term obligations	1,432,576	-	-	(1,432,576)
TOTAL GOVERNMENTAL ACTIVITIES	$ 21,733,132	$ 1,304,836	$ 1,869,444	(18,558,852)

General revenues	
Property taxes levied for:	
General purposes	4,390,887
Debt service	1,411,449
Grants and contributions not restricted to specific programs	17,650
Unrestricted investment earnings	60,085
Miscellaneous	378,774
Unrestricted intermediate sources	432,895
State school fund	13,982,633
Unrestricted state sources	230,460
Federal forest fees	10,277
TOTAL GENERAL REVENUES	20,915,110
CHANGE IN NET POSITION	2,356,258
NET POSITION - beginning	12,153,191
Prior period adjustment, net	(10,668,186)
NET POSITION - ending	$ 3,841,263

See accompanying notes

CASCADE SCHOOL DISTRICT NO. 5

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Special Revenue	Debt Service
ASSETS			
Deposits and investments	$ 3,337,522	$ 557,626	$ 72,166
Restricted cash	-	42,716	-
Receivables	902,864	530,919	76,446
Inventories	-	19,603	-
Prepaid items	13,572	-	-
TOTAL ASSETS	$ 4,253,958	$ 1,150,864	$ 148,612
LIABILITIES			
Accounts payable	$ 71,332	$ 31,479	$ -
Salaries and contracts payable	2,077,544	222,961	-
TOTAL LIABILITIES	2,148,876	254,440	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	796,438	605	52,924
FUND BALANCES			
Nonspendable	13,572	19,603	-
Restricted	-	725,055	95,688
Committed	-	170,350	-
Assigned	-	-	-
Unassigned	1,295,072	(19,189)	-
TOTAL FUND BALANCES	1,308,644	895,819	95,688
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,253,958	$ 1,150,864	$ 148,612

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

Amounts reported for governmental activities in the statement of net position are different because:

Governmental activities report a net pension asset which is not reported in the fund

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

Governmental activities report as deferred outflows of resources contributions to the public employees retirement system for the year

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenues in the funds

The unamortized deferred charge on the refunding of the general obligation bonds is not available to pay for current period expenditures and therefore is not reported in the funds

Long-term obligations, net other post-employment benefits, accrued interest payable, and bond premium are not due and payable in the current period and therefore are not reported in the funds

Governmental activities report as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the public employees retirement system

NET POSITION OF GOVERNMENTAL ACTIVITIES

See accompanying notes

Total Nonmajor Funds	Total Governmental Funds
$ 568,948	$ 4,536,262
100,000	142,716
15,570	1,525,799
-	19,603
-	13,572
$ 684,518	$ 6,237,952
$ 16,873	$ 119,684
-	2,300,505
16,873	2,420,189
-	849,967
100,000	133,175
421,464	1,242,207
-	170,350
150,442	150,442
(4,261)	1,271,622
667,645	2,967,796
$ 684,518	
	1,191,997
	29,723,141
	762,314
	849,967
	1,037,189
	(30,217,973)
	(2,473,168)
	$ 3,841,263

CASCADE SCHOOL DISTRICT NO. 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General	Special Revenue	Debt Service
REVENUES			
1000 Local sources	$ 4,891,879	$ 1,123,054	$ 2,567,444
2000 Intermediate sources	432,895	-	-
3000 State sources	14,227,044	138,514	-
4000 Federal sources	10,277	1,716,979	-
TOTAL REVENUES	19,562,095	2,978,547	2,567,444
EXPENDITURES			
1000 Instruction	11,148,498	1,459,042	-
2000 Support services	8,061,475	513,351	1,721
3000 Enterprise and community services	-	1,109,723	-
5000 Debt service	-	-	2,864,236
TOTAL EXPENDITURES	19,209,973	3,082,116	2,865,957
Excess (deficiency) of revenues over expenditures	352,122	(103,569)	(298,513)
OTHER FINANCING SOURCES (USES)			
5200 Interfund transfers	-	134,510	150,385
5300 Sale of capital assets	154,273	-	-
5200 Transfers of funds	(391,174)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(236,901)	134,510	150,385
Net change in fund balances	115,221	30,941	(148,128)
Fund balance at beginning of year	1,193,423	864,878	243,816
Fund balance at end of year	$ 1,308,644	$ 895,819	$ 95,688

See accompanying notes

Total Nonmajor Funds	Total Governmental Funds
$ 177,507	$ 8,759,884
-	432,895
-	14,365,558
-	1,727,256
177,507	25,285,593
-	12,607,540
101,859	8,678,406
852	1,110,575
-	2,864,236
102,711	25,260,757
74,796	24,836
106,279	391,174
-	154,273
-	(391,174)
106,279	154,273
181,075	179,109
486,570	2,788,687
$ 667,645	$ 2,967,796

CASCADE SCHOOL DISTRICT NO. 5

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 179,109
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:		
Capitalized expenditures	$ 63,451	
Depreciation	(594,865)	(531,414)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Taxes	(32,657)	
Sale of capital assets	(154,273)	
Other	(74)	(187,004)
Issuance of long-term obligations is recorded as revenue in the governmental activities but as an increase in liabilities in the statement of net position		
Amortization of bond premium	191,079	
Amortization of deferred charge on refunding	(129,649)	61,430
The amount contributed to defined benefit pension plans is reported as an expenditure in the funds while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred outflows of resources and deferred inflows of resources		
Change in deferred outflows of resources	261,673	
Change in net pension asset of liability	3,875,589	
Change in deferred inflows of resources	(2,473,168)	1,664,094
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position		1,368,472
Some expenses reported in the government-wide statements do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Decrease in accrued interest payable		1,758
Increase in net other post-employment benefits		(191,923)
Decrease in compensated absences		2,440
Increase in accumulated early retirement payable		(10,704)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 2,356,258

See accompanying notes

CASCADE SCHOOL DISTRICT NO. 5

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
1000 Local sources				
1111 Current year's taxes	$ 4,292,224	$ 4,292,224	$ 4,290,396	$ (1,828)
1112 Prior years taxes	-	-	133,148	133,148
1312 Tuition from other districts	40,000	40,000	37,554	(2,446)
1510 Interest on investments	75,000	75,000	55,949	(19,051)
1740 Fees from extracurricular activities	124,000	124,000	137,450	13,450
1910 Rentals	84,000	84,000	84,000	-
1990 Miscellaneous	75,000	75,000	153,382	78,382
Total 1000 Local sources	4,690,224	4,690,224	4,891,879	201,655
2000 Intermediate sources				
2101 County school funds	8,000	8,000	8,601	601
2102 Education service district apportionment	425,659	425,659	424,294	(1,365)
Total 2000 Intermediate sources	433,659	433,659	432,895	(764)
3000 State sources				
3101 State school fund - general support	13,756,612	13,756,612	13,982,633	226,021
3103 Common school fund	189,818	189,818	210,153	20,335
3199 Other unrestricted grants-in-aid	10,000	10,000	20,307	10,307
3204 Driver education	-	-	13,951	13,951
Total 3000 State sources	13,956,430	13,956,430	14,227,044	270,614
4000 Federal sources				
4801 Federal forest fees	15,000	15,000	10,277	(4,723)
TOTAL REVENUES	19,095,313	19,095,313	19,562,095	466,782

Continued on next page

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
1000 Instruction	11,228,823	11,258,823	11,148,498	110,325
2000 Support services	8,231,979	8,231,979	8,061,475	170,504
6000 Contingencies	400,000	220,000	-	220,000
TOTAL EXPENDITURES	19,860,802	19,710,802	19,209,973	500,829
Excess (deficiency) of revenues over expenditures	(765,489)	(615,489)	352,122	967,611
OTHER FINANCING SOURCES (USES)				
5300 Sale of capital assets	145,788	145,788	154,273	8,485
5200 Transfers of funds	(241,174)	(391,174)	(391,174)	-
TOTAL OTHER FINANCING SOURCES (USES)	(95,386)	(245,386)	(236,901)	8,485
Net change in fund balance	(860,875)	(860,875)	115,221	976,096
Fund balance at beginning of year	1,168,079	1,168,079	1,193,423	25,344
Fund balance at end of year	$ 307,204	$ 307,204	$ 1,308,644	$ 1,001,440

See accompanying notes

CASCADE SCHOOL DISTRICT NO. 5

SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
1000 Local sources				
1510 Interest on investments	$ 3,300	$ 3,300	$ 236	(3,064)
1600 Food service	253,500	253,500	248,550	(4,950)
1700 Extracurricular activities	721,800	721,800	749,780	27,980
1910 Rentals	3,500	3,500	6,966	3,466
1920 Contributions and donations from private sources	56,000	56,000	11,850	(44,150)
1970 Services provided other funds	10,000	10,000	10,792	792
1990 Miscellaneous	164,300	164,300	94,880	(69,420)
Total 1000 Local sources	1,212,400	1,212,400	1,123,054	(89,346)
3000 State sources				
3102 State support funds - school lunch match	-	-	9,373	9,373
3299 Other restricted grants-in-aid	67,200	67,200	129,141	61,941
Total 3000 State sources	67,200	67,200	138,514	71,314
4000 Federal sources				
4500 Restricted revenue from the federal government through the state	1,586,489	1,586,489	1,656,277	69,788
4700 Grants-in-aid from the federal government through other intermediate agencies	-	-	12,565	12,565
4900 Revenue for/on behalf of the district	314,926	314,926	48,137	(266,789)
Total 4000 Federal sources	1,901,415	1,901,415	1,716,979	(184,436)
TOTAL REVENUES	3,181,015	3,181,015	2,978,547	(202,468)

Continued on next page

SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

	Original Budget	Final Budget	Actual	Variance
EXPENDITURES				
1000 Instruction	1,548,731	1,548,731	1,459,042	89,689
2000 Support services	984,260	984,260	513,351	470,909
3000 Enterprise and community services	1,137,411	1,147,411	1,109,723	37,688
6000 Contingencies	391,402	381,402	-	381,402
TOTAL EXPENDITURES	4,061,804	4,061,804	3,082,116	979,688
Excess (deficiency) of revenues over expenditures	(880,789)	(880,789)	(103,569)	777,220
OTHER FINANCING SOURCES (USES)				
5200 Interfund transfers	90,789	90,789	134,510	43,721
Net change in fund balance	(790,000)	(790,000)	30,941	820,941
Fund balance at beginning of year	890,000	890,000	864,878	(25,122)
Fund balance at end of year	$ 100,000	$ 100,000	$ 895,819	$ 795,819

See accompanying notes

1. Summary of significant accounting policies

A. Reporting entity

The District was established on December 19, 1947. In June 1994 voters approved the merger of six school districts into the District. The District serves students in kindergarten through twelfth grade.

Control of the District is vested in its board of directors who are elected to office by voters within the District. Administrative functions are delegated to individuals who report to and are responsible to the board. The chief administrative officer is the superintendent.

The accompanying financial statements present all funds and component units for which the District is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of this criteria, the District is a primary government with no includable component units.

B. Government-wide and fund financial statements

Government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the District's governmental funds. The District's major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

1. Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific school District expenditures is recognized if collected within 60 days of the end of the fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

1. Summary of significant accounting policies (continued)

C. Measurement focus and basis of accounting (continued)

The accounts of the District are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All funds operated by the District are governmental funds. The following major funds are reported by the District:

General – accounts for the financial operations of the District that are not accounted for in any other fund. Principal sources of revenue are state school funding and property taxes. Primary expenditures are salaries for educational and support staff.

Special Revenue – accounts for federal, state and local grant programs, the District's food programs, the swimming pool operations, extracurricular activities offered by the District and scholarships offered to district high school students. Principal revenue sources are grants, cash sales of food and subsidies under the National School Lunch Act, insurance reimbursements, pool admissions, fees, fundraising and donations.

Debt Service – accounts for payment of principal and interest on the general obligation bonds and the limited tax pension bonds. The primary revenue sources are property taxes and interfund charges.

Additionally, the District includes the following as nonmajor governmental funds:

Capital Projects – accounts for major capital improvement projects. Primary revenue sources are unanticipated refunds and rebates and construction excise tax.

Burkland Pool Endowment – accounts for maintenance of the swimming pool. The resources in this fund came from a donation. The principal revenue source is investment earnings.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The District begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The school district adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the function (instruction, supporting services, enterprise and community services, facilities acquisition and construction, and debt service) levels for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The school board must authorize all appropriation transfers and supplementary budgetary appropriations.

E. Inventory

Purchased inventory consists of food and supplies and is valued at the lower of cost (first-in, first-out method) or market. The cost of purchased inventory is recorded as an expenditure at the time of purchase. Commodities inventory consists of food items donated to the district by the USDA and is valued at estimated fair value on the donation date.

F. Capital assets

Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $5,000 as composite groups for financial reporting purposes. In addition, capital asset purchases funded by long-term obligations may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

1. Summary of significant accounting policies (continued)

F. Capital assets (continued)

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over estimated useful lives as follows:

Assets	Years
Buildings	100
Major building remodels	50
Play sheds	30
Modular buildings	25
Vehicles	10
Equipment	5-10

G. Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and bond premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. Summary of significant accounting policies (continued)

H. Compensated absences

i. Sick leave

Oregon law (ORS332.507) requires school employees to earn sick leave at the rate of 10 to 12 days per year over their working careers. The District does not compensate the employees for accumulated sick leave upon termination of employment.

ii. Vacation

Eligible employees earn vacation as determined by their length of employment. They are allowed to carryover no more than the number of days earned in the immediate preceding year.

I. Equity classification

i. Equity on the statement of net position is classified as net position and displayed in three components:

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

Restricted net position – consists of net position 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.

Unrestricted net position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the government-wide financial statements, when the District has restricted and unrestricted resources available, it is the District's policy to expend restricted resources first and then unrestricted resources as needed in determining the amounts to report as restricted – net position and unrestricted – net position.

1. Summary of significant accounting policies (continued)

I. Equity classification (continued)

ii. Governmental fund type fund balance reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) requires governmental type fund balance amounts to be properly reported within one of the fund balance categories list below:

Non-spendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the School Board.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The School Board has granted authority to the superintendent or business manager to assign fund balance amounts.

Unassigned — the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when the District has restricted and unrestricted (committed, assigned or unassigned) resources available, it is the District's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

J. Pensions

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

K. Adoption of new GASB pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the District are detailed below.

Net pension liability – Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

Statement No. 68 is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. The District adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2014:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Deferred outflow of resources:			
Payments made to OPERS since the Measurement date	$ --	$ 500,641	$ 500,641
Noncurrent liabilities:			
Net pension liability	--	(2,683,592)	(2,683,592)
Prepayments to OPERS	8,485,235	--	(8,485,235)
Net Position	12,153,191	1,485,005	(10,668,186)

2. Deposits and investments

The District maintains a pool of cash and investments that are available for use by all funds, except for the Student Body Activity Fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. Additionally, several funds hold separate cash and investment accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balance.

Investments, including amounts held in pooled cash and investments, are stated at amortized cost, which approximates fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at cost which approximates fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at cost which approximates fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2015, the District had the following investments:

	Maturities	Carrying Amount	Fair Value
State Treasurer's Investment Pool	N/A	$ 4,188,826	$ 4,188,826

Interest Rate Risk: The District's policy to manage its exposure to fair-value losses arising from increases in interest rates is to limit investments to maturities of no more than 18 months from the date of purchase; unless specifically matched to requirements such as bond sinking funds or reserves.

Concentration of Credit Risk: 100 percent of the District's investments are in the State Treasurer's Investment Pool. The District policy does not allow for an investment in any one type of issue that is in excess of 25 percent of the District's total investments.

2. Deposits and investments (continued)

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy which limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to $250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2015, $194,575 of the District's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the District's name.

A. The District's deposits and investments at June 30, 2015 are as follows:

Total investments	$ 4,188,826
Cash on hand	200
Deposits with financial institutions	489,952
Total deposits and investments	$ 4,678,978

B. Cash and investments by fund:

Unrestricted	
General	$ 3,337,522
Special revenue	557,626
Debt service	72,166
Nonmajor	568,948
Subtotal - unrestricted	4,536,262
Restricted	
Special revenue	42,716
Nonmajor	100,000
Subtotal - restricted	142,716
Total cash and investments	$ 4,678,978

3. Receivables

	General	Special Revenue	Debt Service	Nonmajor	Totals
Property taxes	$ 238,872	$ -	$ 76,446	$ -	$ 315,318
Accounts	20,190	-	-	15,570	35,760
Contract	628,398	-	-	-	628,398
Grants	15,404	530,919	-	-	546,323
	$ 902,864	$ 530,919	$ 76,446	$ 15,570	$ 1,525,799

A. Property tax collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Marion County bills and collects property taxes for the District.

B. Property tax transactions

	Balances July 1, 2014	Current Levy	Adjust-ments	Net Interest (Discounts)	Collections	Balances June 30, 2015
Current	$ -	$ 5,937,272	$ (16,058)	$ (151,333)	$ 5,615,109	$ 154,772
2013-14	172,134	-	(1,799)	7,223	102,748	74,810
2012-13	89,535	-	(1,407)	8,344	50,164	46,308
2011-12	50,737	-	(553)	10,103	42,564	17,723
2010-11	18,620	-	(400)	4,381	15,950	6,651
2009-10	6,577	-	(333)	786	2,268	4,762
Prior	12,780	-	(1,041)	1,173	2,620	10,292
	$ 350,383	$ 5,937,272	$ (21,591)	$ (119,323)	$ 5,831,423	$ 315,318

C. Ensuing year's property tax levies

The permanent tax rate is $4.6405 per $1,000 of assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of $5 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

In addition, the District will levy $1,410,275 for the retirement of long-term debt principal and interest due during 2015-16.

4. Inventory

	Special Revenue
Commodities – U.S.D.A.	$ 11,951
Purchased food and supplies	7,652
	$ 19,603

5. Capital assets

A. Capital asset activity for the year ended June 30, 2015 was as follows:

	Balances July 1, 2014	Increases	Balances June 30, 2015
Capital assets not being depreciated			
Land	$ 182,191	$ -	$ 182,191
Construction in progress	9,812	43,297	53,109
Capital assets being depreciated			
Buildings	36,269,469	-	36,269,469
Equipment	680,281	20,154	700,435
Total capital assets being depreciated	36,949,750	20,154	36,969,904
Less accumulated depreciation for:			
Buildings	6,344,377	548,641	6,893,018
Equipment	542,821	46,224	589,045
Total accumulated depreciation	6,887,198	594,865	7,482,063
Total capital assets being depreciated, net	30,062,552	(574,711)	29,487,841
Governmental activities capital assets, net	$ 30,254,555	$ (531,414)	$ 29,723,141

B. Depreciation expense was charged to functions / programs as follows:

Instruction	$ 508,149
Support services	55,234
Enterprise and community services	31,482
	$ 594,865

6. Long-term obligations

A. Changes in long-term obligations for the year ended June 30, 2015 were as follows:

	Balances July 1, 2014	Additions	Reductions	Balances June 30, 2015	Balances Due Within One Year
General obligation bonds					
Refunding bonds, series 2013	$ 13,365,000	$ -	$ -	$ 13,365,000	$ 425,000
Series 2006	845,000	-	405,000	440,000	440,000
Series 2005	420,000	-	420,000	-	
	14,630,000	-	825,000	13,805,000	865,000
Other bonds					
Limited tax qualified zone academy revenue bonds 2010	1,510,000	-	130,000	1,380,000	130,000
Pension obligation - limited tax pension bond, Series 2003	11,751,300	-	413,472	11,337,828	413,972
	13,261,300	-	543,472	12,717,828	543,972
Other Long-term Obligations					
Compensated absences	35,147	32,707	35,147	32,707	32,707
Accumulated early retirement stipends	31,726	22,309	11,605	42,430	12,473
Net other post-employment benefits	1,301,521	309,723	117,800	1,493,444	-
	1,368,394	364,739	164,552	1,568,581	45,180
Total long-term obligations	$ 29,259,694	$ 364,739	$ 1,533,024	$ 28,091,409	$ 1,454,152

B. General obligation bonds

General obligation refunding bonds, series 2013 – The District issued bonds in the amount of $13,445,000 to refund previously issued general obligation bonds. Interest on outstanding bonds is at 2.00 to 5.00 percent.

General obligation, series 2006 – The District issued bonds in the amount of $9,630,000 to finance capital construction and improvements. Interest on outstanding bonds is at 4.00 percent.

General obligation, series 2005 – The District issued bonds in the amount of $9,870,000 to finance capital construction and improvements. Interest on outstanding bonds is at 4.00 percent.

6. Long-term obligations (continued)

C. Other bonds

Limited tax qualified zone academy revenue bonds 2010 – The District issued bonds in the amount of $2,000,000 to finance costs of capital construction and improvements and to fund the cost of issuance. Interest on outstanding bonds is at 1.35 percent.

Pension obligation - limited tax pension bond, series 2003 – The District issued PERS bonds in the amount of $15,286,668 as a prepayment of the District's unfunded pension liability. The annual payments on the pension obligation bonds are accounted for as additional contributions to the Public Employees Retirement System. Interest on outstanding bonds is at 1.5 to 6.27 percent.

D. Other long-term obligations

Accumulated early retirement, stipends - Certified teaching and administrative staff that provided 10 or more years of continuous service to the District as of 1994 are eligible for the District's early retirement program. Additional conditions for eligibility exist based upon the applicable labor agreement.

There are five retirees who have qualified for early retirement. The charge to expenditures for the fiscal year ended June 30, 2015 for participants in the plan was $11,605. Such costs are recorded as expenditures and funded on a "pay as you go" basis. The actuarial present value of vested and non-vested accumulated benefits is not available. The District's total obligation for early retirement stipends is $42,430 as of June 30, 2015.

6. Long-term obligations (continued)

E. The future maturities of all obligations outstanding as of June 30, 2015 are as follows:

	General Obligation Refunding Bonds Series 2013		General Obligation Bonds, Series 2006		Limited Tax Qualified Zone Academy Revenue Bonds - 2010		Pension Obligation Limited Tax Pension Bond Series 2003	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015-16	$ 425,000	$ 563,275	$ 440,000	$ 22,000	$ 130,000	$ 18,630	$ 413,972	$ 913,362
2016-17	915,000	550,525	-	-	130,000	16,875	413,635	978,699
2017-18	970,000	523,075	-	-	135,000	15,120	411,799	1,050,535
2018-19	1,050,000	484,275	-	-	135,000	13,298	410,141	1,127,193
2019-20	1,140,000	442,275			135,000	11,475	407,680	1,204,654
2020-25	7,105,000	1,449,000	-	-	715,000	29,160	4,370,601	4,942,479
2025-30	1,760,000	84,500	-	-	-	-	4,910,000	507,792
	$ 13,365,000	$ 4,096,925	$ 440,000	$ 22,000	$ 1,380,000	$ 104,558	$ 11,337,828	$ 10,724,714

	Accumulated Early Retirement	Totals	
Year	Stipends	Principal	Interest
2015-16	$ 12,473	$ 1,421,445	$ 1,517,267
2016-17	11,473	1,470,108	1,546,099
2017-18	7,649	1,524,448	1,588,730
2018-19	3,824	1,598,965	1,624,766
2019-20	3,824	1,686,504	1,658,404
2020-25	3,187	12,193,788	6,420,639
2025-30	-	6,670,000	592,292
	$ 42,430	26,565,258	14,948,197

7. Unavailable revenue

Resources owned by the District, which are measurable but not available and, therefore, deferred in the fund financial statements, consist of the following:

	General	Special Revenue	Debt Service	Totals
Property taxes	$ 168,041	$ -	$ 52,924	$ 220,965
Contracts	628,397	-	-	628,397
Grants	-	605	-	605
	$ 796,438	$ 605	$ 52,924	$ 849,967

8. Governmental fund balance categories

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

Fund balances	General	Special Revenue	Debt Service	Other Governmental Funds	Totals
Nonspendable:					
Inventory	$ -	$ 19,603	$ -	$ -	$ 19,603
Prepaids	13,572	-	-	-	13,572
Endowment	-	-	-	100,000	100,000
Restricted for:					
Debt service	-	-	95,688	-	95,688
Grants	-	326,111	-	-	326,111
Student activities	-	356,228	-	-	356,228
Scholarships	-	42,716	-	-	42,716
Capital projects	-	-	-	409,085	409,085
Endowment	-	-	-	12,379	12,379
Committed					
Unemployment	-	145,162	-	-	145,162
Deductibles and uninsured claims	-	18,861	-	-	18,861
Swimming pool operations and maintenance	-	6,327		-	6,327
Assigned					
Capital projects	-	-	-	150,442	150,442
Unassigned	1,295,072	(19,189)	-	(4,261)	1,271,622
	$1,308,644	$ 895,819	$ 95,688	$ 667,645	$2,967,796

9. Interfund transfers

Transfer from	Transfer to	Amount
General	Special Revenue	$ 134,510
	Debt Service	150,385
	Nonmajor	106,279

The transfers from the General Fund to the Special Revenue, Debt Service, and non-major funds were made to supplement the resources of the respective fund for its activities.

10. Defined benefit pension plan

A. Plan description

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report which can be found at: www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

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

10. Defined benefit pension plan

B. Description of benefit terms

Plan benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. **Tier one/tier two retirement benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

Death benefits

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

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

10. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

Plan benefits (continued)

1. Tier one/tier two retirement benefit (Chapter 238) (continued)

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)

Pension benefits.

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

10. Defined benefit pension plan (continued)

B. Description of benefit terms (continued)

Plan benefits (continued)

2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB) (continued)

Death benefits

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

Disability Benefits

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

Benefit changes after retirement

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

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013.

Tier 1/tier 2 employer contribution rates are 8.47 percent and the OPSRP employer contribution rates are 6.47 percent for general service employees. Employer contributions for the year ended June 30, 2015 were $762,314, excluding amounts to fund employer specific liabilities.

10. Defined benefit pension plan (continued)

D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2015, the District reported an asset of $1,191,997 for its proportionate share of the net pension asset. The net pension asset) was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

   An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to two different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll and (2) OPSRP general service payroll.

   The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

10. Defined benefit pension plan (continued)

D. Pension asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2014, the District's proportion was 0.052587 percent, which was an increase of -0- from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension revenue of $1,664,094. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ --	$ 2,300,072
Changes in proportion and difference between District's contributions and proportionate share of contributions	--	173,096
District's contributions subsequent to the measurement date	762,314	--
	$ 762,314	$ 2,473,168

10. Defined benefit pension plan (continued)

D. Pension asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$762,314 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year ends June 30,	
2016	$ 612,648
2017	612,648
2018	612,648
2019	612,648
2020	22,576
	$ 2,473,168

E. Actuarial valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (asset)

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment rate of return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (asset) (continued)

Discount rate

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

Depletion date projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (asset) (continued)

Assumed asset allocation:

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

Long-term expected rate of return

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

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (asset) (continued)

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds / Absolute Return	5.00%	6.10%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%

Assumed Inflation - Mean	2.75%

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate.

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
District's proportionate share of net pension asset or liability	$ (2,524,220)	$ 1,191,997	$ 4,335,045

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (asset) (continued)

Changes in actuarial methods and assumptions

The prior measurement date of June 30, 2013 was based on the December 31, 2011 valuation. Changes in the actuarial methods and assumptions since that valuation are as follows:

Actuarial Cost Method – Changed from the projected unit credit cost method to the entry age normal cost method.

Tier 1/ Tier 2 UAL Amortization – The balance will be amortized over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20-year period from the period in which they are first recognized.

Contribution Rate Stabilization Method – The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%.

Allocation of Liability for Service Segments – For purposes of allocating a Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by OPERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. Previously the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For subsequent valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses - Assumed administrative expenses for the OPSRP System were reduced from $6.6 million per year to $5.5 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum Retirement Health Insurance Premium Account (RHIPA) subsidy was updated based on an analysis by actuaries that included the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

10. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (asset) (continued)

Changes in actuarial methods and assumptions (continued)

The prior measurement date of June 30, 2013 was based on the December 31, 2011 valuation. Changes in the actuarial methods and assumptions since that valuation are as follows (continued):

Healthy Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality – The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Merit Increases, Unused Sick Leave, and Vacation Pay - Assumed merit increases were lowered for School District members. Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation - The Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

G. Changes in Plan Provisions Subsequent to Measurement Date

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

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

This is a change in benefit terms subsequent to the current measurement date of June 30, 2014, and is not reflected in the proportionate share of the net pension asset liability.

It is estimated that this change will increase net pension liability by $2,587,280.

11. Defined Contribution Plan

Individual Account Program (IAP)

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension benefits

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

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

Death benefits

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

Contributions

The District makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2015 were $582,960.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

12. Other post-employment benefits

Plan description and benefits provided

The District provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits.

Eligibility under the plan is as follows:

- Ten or more years of service with a predecessor District as of December 12, 1994.
- Eligible bargaining units members from the Cascade Union High bargaining unit retiring after age 55 or having 30 years of PERS service or eligible bargaining unit members of the Marion bargaining unit with at least 20 years of service with the District.
- Retired from active service while eligible to receive a pension benefit from Oregon PERS.

Cascade Union High retirees are eligible to receive a monthly benefit of up to $403.36 towards payment of health care premiums for a period of 10 years or age 65, whichever occurs first. Marion retirees are eligible to receive up to $171.55 towards payment of health care premiums until age 65.

As required by ORS 243.303(2) all other retirees are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

Membership

The District's membership in the plan at July 1, 2014 (the date of the latest actuarial valuation) consisted of the following:

Active participants	220
Inactive participants	22
Total	242

12. Other post-employment benefits (continued)

Funding policy and contributions

The District funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis.

The District has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

Annual OPEB cost and net OPEB Obligation

The District had its latest actuarial valuation performed as of July 1, 2014 to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC) and NOPEBO as of that date. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed ten years. The annual OPEB cost is equal to the ARC as follows:

Normal cost	$ 101,599
Interest	9,572
Amortization of UAAL	239,302
Annual required contribution	$ 350,473

The net OPEB obligation as of June 30, 2015 was calculated as follows:

Annual required contribution	$ 350,473
Interest on prior year Net OPEBO obligation	52,061
Adjustment to ARC	(92,811)
Annual OPEB Cost	309,723
Explicit Benefit Payments	(67,274)
Implicit Benefit Payments	(50,526)
Increase in net OPEB obligation	191,923
Net OPEB obligation at beginning of year	1,301,521
Net OPEB obligation at end of year	$1,493,444

12. Other post-employment benefits (continued)

The District's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 309,723	38%	$ 1,493,444
June 30, 2014	307,409	48%	1,301,521
June 30, 2013	299,323	54%	1,140,517
June 30, 2012	439,069	46%	1,003,768
June 30, 2011	420,301	44%	794,673

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events into the future, including assumptions about future employment, mortality and healthcare costs. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to continual revisions as actual results are compared with historical experience and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of the plan and the unfunded actuarial liability.

Valuation Date	Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL/ Payroll
July 1, 2014	$` --	$ 1,891,230	$ 1,891,230	0%	$ 10,621,541	17.8%
July 1, 2012	--	1,942,922	1,942,922	0%	9,269,401	21.0%
October 1, 2010	--	2,926,844	2,926,844	0%	10,028,040	29.2%
October 1, 2008	--	3,079,865	3,079,865	0%	10,092,444	30.5%

Actuarial Methods and Assumptions

Actuarial valuations will be performed every two years for the District's other post-employment benefit plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

12. Other post-employment benefits (continued)

In the July 1, 2014 valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 4 percent discount rate for future liabilities, a payroll growth rate of 3.75 percent per year, annual premium rate increases of 7.0 percent in 2015, 6.5 percent in 2016, 6.4 percent in 2017, and 5.0 to 6.3 percent thereafter, and a participation rate of 80 percent of future retirees electing coverage under the plan. The unfunded actuarial accrued liability is being amortized using the level percentage of payroll method over a period of 15 years. As of June 30, 2015 the remaining amortization period is 14 years.

13. Contingency – sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2015, District employees had accumulated 11,636 days of sick leave.

14. Risk management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

The District purchases commercial insurance to cover possible claims or judgments. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

15. Operating lease commitments

The District leases copiers under five-year, non-cancelable operating leases. Remaining minimum lease payments subsequent to June 30, 2015 are as follows:

2015-16	$	22,180
2016-17		20,130
2017-18		5,861
	$	48,171

Lease obligation expenditures amounted to $22,005 for the year ended June 30, 2015.

16. Expenditures in excess of appropriations

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations by function for each fund type.

Expenditures in excess of appropriations were made in the following categories:

Fund/Function	Appropriation	Actual	Variance
Debt service			
Debt service	$ 2,845,344	$ 2,864,236	$ (18,892)

17. Net position restricted by enabling legislation

The District has $409,085 of net position restricted for capital improvements by ORS 320.183, which restricts resources received from construction excise taxes to capital improvements as defined by the statute.

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REQUIRED SUPPLEMENTARY INFORMATION

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CASCADE SCHOOL DISTRICT NO. 5

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, *

	2015	2014
Proportion of the collective net pension liability (asset)	0.05258700%	0.05258700%
Proportionate share of the collective net pension liability (asset)	$ (1,191,997)	$ 2,683,592
Covered payroll	$ 9,968,257	$ 9,546,101
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	-11.958%	28.112%
Pension plan's fiduciary net position as a percentage of the total pension liability	103.590%	91.974%

* Information will be accumulated annually until 10 years is presented

CASCADE SCHOOL DISTRICT NO. 5

SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Years Ended June 30, *

	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	$ 762,314	$ 500,641	$ 563,225	$ 604,906	$ 12,518	$ 33,636	$ 25,625
Contractually required contributions recognized by the pension plan	762,314	500,641	563,225	604,906	12,518	33,636	25,625
Difference	-	-	-	-	-	-	-
Covered payroll	9,968,257	9,546,101	8,718,549	9,287,194	10,028,040	9,938,959	10,092,444
Contractually required contributions as a percentage of covered payroll	7.64742%	5.24446%	6.46008%	6.51333%	0.12483%	0.33843%	0.25390%

* Information will be accumlated until 10 years are presented.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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CASCADE SCHOOL DISTRICT NO. 5

DEBT SERVICE FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Budget	Actual	Variance
REVENUES			
1000 Local sources			
1111 Current year's taxes	1,330,000	$ 1,366,112	$ 36,112
1112 Prior years taxes	50,000	45,337	(4,663)
1510 Interest on investments	2,800	3,315	515
1970 Services provided other funds	1,150,000	1,152,680	2,680
TOTAL REVENUES	2,532,800	2,567,444	34,644
EXPENDITURES			
2000 Support services	1,750	1,721	29
5000 Debt service	2,845,344	2,864,236	(18,892)
TOTAL EXPENDITURES	2,847,094	2,865,957	(18,863)
Excess (deficiency) of revenues over expenditures	(314,294)	(298,513)	15,781
OTHER FINANCING SOURCES (USES)			
5200 Interfund transfers	150,385	150,385	-
Net change in fund balance	(163,909)	(148,128)	15,781
Fund balance at beginning of year	264,000	243,816	(20,184)
Fund balance at end of year	$ 100,091	$ 95,688	$ (4,403)

CASCADE SCHOOL DISTRICT NO. 5

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Capital Projects	Permanent Pool Endowment	Totals
ASSETS			
Cash and cash equivalents	$ 556,569	$ 12,379	$ 568,948
Restricted cash	-	100,000	100,000
Receivables	15,570	-	15,570
TOTAL ASSETS	$ 572,139	$ 112,379	$ 684,518
LIABILITIES			
Accounts payable	$ 16,873	$ -	$ 16,873
FUND BALANCES			
Nonspendable	-	100,000	100,000
Restricted	409,085	12,379	421,464
Assigned	150,442	-	150,442
Unassigned	(4,261)	-	(4,261)
TOTAL FUND BALANCES	555,266	112,379	667,645
TOTAL LIABILITIES AND FUND BALANCES	$ 572,139	$ 112,379	$ 684,518

CASCADE SCHOOL DISTRICT NO. 5

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended June 30, 2015

	Capital Projects	Permanent Burkland Pool Endowment	Totals
REVENUES			
1000 Local sources	$ 176,922	$ 585	$ 177,507
EXPENDITURES			
2000 Support services	101,859	-	101,859
3000 Enterprise and community services	-	852	852
TOTAL EXPENDITURES	101,859	852	102,711
Excess (deficiency) of revenues over expenditures	75,063	(267)	74,796
OTHER FINANCING SOURCES (USES)			
5200 Interfund transfers	106,279	-	106,279
Net change in fund balances	181,342	(267)	181,075
Fund balances at beginning of year	373,924	112,646	486,570
Fund balances at end of year	$ 555,266	$ 112,379	$ 667,645

CASCADE SCHOOL DISTRICT NO. 5

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Budget	Actual	Variance
REVENUES			
1000 Local sources			
1130 Construction excise tax	$ 102,000	$ 105,842	$ 3,842
1910 Rental	50,000	40,610	(9,390)
1920 Contributions and donations from private sources	47,500	5,800	(41,700)
1990 Miscellaneous	25,000	24,670	(330)
TOTAL REVENUES	224,500	176,922	(47,578)
EXPENDITURES			
2000 Support services	607,000	101,859	505,141
Excess (deficiency) of revenues over expenditures	(382,500)	75,063	457,563
OTHER FINANCING SOURCES (USES)			
5200 Interfund transfers	-	106,279	106,279
Net change in fund balance	(382,500)	181,342	563,842
Fund balance at beginning of year	382,500	373,924	(8,576)
Fund balance at end of year	$ -	$ 555,266	$ 555,266

CASCADE SCHOOL DISTRICT NO. 5

BURKLAND POOL ENDOWMENT - PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Budget	Actual	Variance
REVENUES			
1000 Local sources			
1510 Interest on investments	$ 800	$ 585	$ (215)
EXPENDITURES			
3000 Enterprise and community services	100	852	(752)
5000 Other uses	12,700	-	12,700
TOTAL EXPENDITURES	12,800	852	11,948
Net change in fund balance	(12,000)	(267)	11,733
Fund balance at beginning of year	112,000	112,646	646
Fund balance at end of year	$ 100,000	$ 112,379	$ 12,379

CASCADE SCHOOL DISTRICT NO. 5

REVENUE SUMMARY
For the Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund
1000 Local sources					
1111 Current year's taxes	$ 4,290,396	$ -	$ 1,366,112	$ -	$ -
1112 Prior years taxes	133,148	-	45,337	-	-
1130 Construction excise tax	-	-	-	105,842	-
1312 Tuition from other districts	37,554	-	-	-	-
1510 Interest on investments	55,949	236	3,315	-	585
1611 Breakfast	-	14,957	-	-	-
1612 Lunch	-	159,220	-	-	-
1620 Daily sales - non reimbursable program	-	9,118	-	-	-
1630 Special functions	-	65,255	-	-	-
1710 Admissions	-	749,780	-	-	-
1740 Fees from extracurricular activities	137,450	-	-	-	-
1910 Rentals	84,000	6,966	-	40,610	-
1920 Contributions and donations from private sources	-	11,850	-	5,800	-
1970 Services provided other funds	-	10,792	1,152,680	-	-
1990 Miscellaneous	153,382	94,880	-	24,670	-
TOTAL REVENUES FROM LOCAL SOURCES	4,891,879	1,123,054	2,567,444	176,922	585
2000 Intermediate sources					
2101 County school funds	8,601	-	-	-	-
2102 Education service district apportionment	424,294	-	-	-	-
TOTAL REVENUES FROM INTERMEDIATE SOURCES	432,895	-	-	-	-
3000 State sources					
3101 State school fund - general support	13,982,633	-	-	-	-
3102 State support funds - school lunch match	-	9,373	-	-	-
3103 Common school fund	210,153	-	-	-	-
3199 Other unrestricted grants-in-aid	20,307	-	-	-	-
3204 Driver education	13,951	-	-	-	-
3299 Other restricted grants-in-aid	-	129,141	-	-	-
TOTAL REVENUES FROM STATE SOURCES	14,227,044	138,514	-	-	-

Continued on next page

REVENUE SUMMARY (continued)

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund
4000 Federal sources					
4500 Restricted revenue from the federal government through the state	$ -	$ 1,198,787	$ -	$ -	$ -
4505 School nutrition	-	457,490	-	-	-
4700 Grants-in-aid from the federal government through other intermediate agencies	-	12,565	-	-	-
4801 Federal forest fees	10,277	-	-	-	-
4900 Revenue for/on behalf of the district	-	2,645	-	-	-
4910 Commodities received	-	45,492	-	-	-
TOTAL REVENUES FROM FEDERAL SOURCES	10,277	1,716,979	-	-	-
5000 Revenues from other sources					
5200 Interfund transfers	-	134,510	150,385	106,279	-
5300 Proceeds from sale of capital assets	154,273	-	-	-	-
5400 Resources - beginning fund balance	1,193,423	864,878	243,816	373,924	112,646
TOTAL REVENUES FROM OTHER SOURCES	1,347,696	999,388	394,201	480,203	112,646
TOTAL REVENUES	$ 20,909,791	$ 3,977,935	$ 2,961,645	$ 657,125	$ 113,231

CASCADE SCHOOL DISTRICT NO. 5
GENERAL FUND
EXPENDITURES BY FUNCTION AND OBJECT
For the Year Ended June 30, 2015

	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies and Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Totals
1000 Instruction								
1111 Primary, K-3	$ 2,035,689	$ 1,312,456	$ 20,730	$ 110,995	$ -	$ -	$ -	$ 3,479,870
1121 Middle/Junior high programs	1,258,338	778,430	11,021	44,499	-	1,194	-	2,093,482
1122 Middle/Junior school extracurricular	63,825	20,371	7,372	2,077	-	3,171	-	96,816
1131 High school programs	1,654,013	1,016,645	16,556	57,901	-	2,079	-	2,747,194
1132 High school extracurricular	253,136	92,230	46,968	9,089	-	4,530	-	405,953
1210 Programs for talented and gifted	12,550	6,420	14	-	-	-	-	18,984
1221 Learning centers - structured and intensive	426,196	283,052	31,252	4,375	-	-	-	744,875
1224 Life skills with nursing	258,499	169,465	989	2,764	-	-	-	431,717
1250 Resource rooms	360,243	238,300	18,522	3,514	-	-	-	620,579
1280 Alternative education	121,731	82,215	1,284	67	-	-	-	205,297
1291 English second language programs	185,636	108,075	952	4,155	-	-	-	298,818
1292 Teen parent programs	-	-	-	-	-	-	-	-
1460 Special programs, summer school	4,101	812	-	-	-	-	-	4,913
Total 1000 Instruction	6,633,957	4,108,471	155,660	239,436	-	10,974	-	11,148,498
2000 Support services								
2110 Attendance and social work services	50,036	29,923	-	-	-	-	-	79,959
2120 Guidance services	379,299	246,257	-	3,582	-	-	-	629,138
2134 Nurse services	21,187	10,249	1,208	378	-	-	-	33,022
2140 Psychological services	45,179	25,958	1,211	1,286	-	-	-	73,634
2150 Speech pathology and audiology services	68,796	43,255	89,843	1,801	-	-	-	203,695
2190 Service direction, student support services	234,047	134,122	1,999	2,545	-	924	-	373,637
2213 Curriculum development	67,814	36,458	951	286	-	595	-	106,104
2220 Educational media services	161,044	104,857	-	24,217	-	3,946	-	294,064
2230 Assessment	29,926	11,580	126	-	-	-	-	41,632
2240 Instructional staff development	2,588	579	-	-	-	-	-	3,167
2310 Board of education services	-	-	51,683	7,451	-	20,460	-	79,594
2321 Office of the superintendent services	164,698	123,078	3,924	1,947	-	1,036	-	294,683
2410 Office of the principal services	882,513	524,240	13,833	3,853	-	5,084	-	1,429,523
2520 Fiscal services	181,415	101,516	24,040	5,843	-	7,931	-	320,745
2542 Care and upkeep of building services	247,067	145,865	985,730	146,058	20,154	209,097	-	1,753,971
2543 Care and upkeep of grounds services	86,501	45,055	5,594	26,128	-	-	-	163,278
2546 Security services	97,364	53,945	659	-	-	-	-	151,968
2550 Student transportation services	20,228	8,666	1,043,091	110,869	-	-	-	1,182,854
2558 Special education transportation services	-	-	205,960	-	-	-	-	205,960
2574 Printing, publishing, and duplication	-	-	4,909	179	-	-	-	5,088
2640 Staff services	75,942	53,062	3,152	10,172	-	1,600	-	143,928
2660 Technology services	166,120	86,176	90,213	98,823	-	4,443	-	445,775
2700 Supplemental retirement program	16,445	29,611	-	-	-	-	-	46,056
Total 2000 Support services	2,998,209	1,814,452	2,528,126	445,418	20,154	255,116	-	8,061,475
5000 Other uses								
5200 Transfers of funds	-	-	-	-	-	-	391,174	391,174
Total General Fund	$ 9,632,166	$ 5,922,923	$ 2,683,786	$ 684,854	$ 20,154	$ 266,090	$ 391,174	$ 19,601,147

CASCADE SCHOOL DISTRICT NO. 5
OTHER FUNDS
EXPENDITURES BY FUNCTION AND OBJECT
For the Year Ended June 30, 2015

SPECIAL REVENUE FUNDS	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies and Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Totals
1000 Instruction								
1111 Elementary	$ 27,147	$ 9,868	$ -	$ 5,740	$ -	$ -	$ -	$ 42,755
1113 Elementary extracurricular	-	-	-	64,793	-	-	-	64,793
1121 Middle/Junior high programs	343	28	-	-	-	-	-	371
1122 Middle/Junior school extracurricular	-	-	-	130,202	-	-	-	130,202
1131 High school programs	343	28	-	-	-	-	-	371
1132 High school extracurricular	-	-	-	515,499	-	-	-	515,499
1221 Learning centers - structured and intensive	39,083	38,523	-	-	-	-	-	77,606
1224 Life skills with nursing	493	78	203	-	-	-		774
1250 Resource rooms	84,485	80,629	-	-	-	-	-	165,114
1271 Remediation	-	-	56	-	-	-	-	56
1272 Title IA/D	216,898	125,871	3,384	33,638	-	-	-	379,791
1293 Migrant education	6,180	5,633	-	-	-	-	-	11,813
1299 Other programs	5,941	2,297	4,802	29,196	-	435	-	42,671
1460 Special programs, summer school	22,668	4,228	-	330	-	-	-	27,226
Total 1000 Instruction	403,581	267,183	8,445	779,398	-	435	-	1,459,042
2000 Support services								
2134 Nurse services	21,000	10,203	-	-	-	-	-	31,203
2150 Speech pathology and audiology services	43,491	35,094	-	-	-	-	-	78,585
2210 Improvement of instruction	45,761	25,445	4,399	370	-	-	-	75,975
2219 Other instruction improvements	12,913	3,346	28,283	14,412	-	-	-	58,954
2230 Assessment and testing	-	-	-	5,717	-	-	-	5,717
2240 Instructional staff development	8,013	1,559	49,606	3,023	-	-	-	62,201
2320 Executive administration services	-	-	-	-	-	7,720	-	7,720
2410 Office of the principal services	-	-	3,278	-	-	-	-	3,278
2490 Other support services - school administration	66,707	42,224	5,702	-	-	113	-	114,746
2542 Care and upkeep of building services	-	-	5,500	-	5,745	-	-	11,245
2640 Staff services	1,629	486	18,405	278	-	-	-	20,798
2660 Technology services	-	-	-	42,929	-	-	-	42,929
Total 2000 Support services	199,514	118,357	115,173	66,729	5,745	7,833	-	513,351
3000 Enterprise and community services								
3100 Food services	262,037	212,154	14,477	533,094	-	5,097	-	1,026,859
3210 Community pool	38,964	5,180	9,281	17,023	-	464	-	70,912
3390 Other community services	-	-	5,500	-	-	4,033	-	9,533
Total 3000 Enterprise and community services	302,274	217,713	30,025	550,117	-	9,594	-	1,109,723
Total Special Revenue Funds	$ 905,369	$ 603,253	$ 153,643	$ 1,396,244	$ 5,745	$ 17,862	$ -	$ 3,082,116
DEBT SERVICE FUNDS								
2000 Support services								
2640 Staff services	$ -	$ -	$ -	$ -	$ -	$ 1,721	$ -	$ 1,721
5000 Other uses								
5100 Debt service	-	-	-	-	-	2,864,236	-	2,864,236
Total Debt Service Funds	$ -	$ -	$ -	$ -	$ -	$ 2,865,957	$ -	$ 2,865,957
CAPITAL PROJECTS FUNDS								
2000 Support services								
2542 Care and upkeep of building services	$ -	$ -	$ 50,774	$ 8,787	$ 42,298	$ -	$ -	$ 101,859
PERMANENT FUND								
3000 Enterprise and community services								
3200 Other enterprise services	$ -	$ -	$ -	$ 766	$ -	$ 86	$ -	$ 852

CASCADE SCHOOL DISTRICT NO. 5

SUPPLEMENTAL INFORMATION, 2014-2015

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

	Objects 325 and 326
Function 2540	$ 410,034
Function 2550	-

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

Exclude these functions:		Exclude these functions:		$ -
1113, 1122 and 1132	Co-curricular Activities	4150	Construction	
1140	Pre-Kindergarten	2550	Pupil Transportation	
1300	Continuing Education	3100	Food Service	
1400	Summer School	3300	Community Services	

CASCADE SCHOOL DISTRICT NO. 5

SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Grant Period	CFDA Number	Grant Amount	2014-15 Revenues	2014-15 Expenditures
Department of Agriculture- General					
Passed through Marion County:					
Schools and Roads - Grants to Counties	2014-15	10.666	$ 10,277	$ 10,277	$ 10,277
Department of Agriculture- Special Revenue					
Passed through State Department of Education:					
School Breakfast Program	2014-15	10.553	133,379	133,379	133,379
National School Lunch Program	2014-15	10.555	489,204	489,204	489,204
Summer Food Service Program for Children	2014-15	10.559	13,778	13,778	13,778
Department of Education- Special Revenue					
Passed through State Department of Education:					
Title I Grants to LEA's	2014-15	84.010	430,261	418,401	418,300
	2013-14			36,196	36,196
	2014-15		50,478	50,478	50,478
	2014-15			8,378	8,378
	2014-15		40,000	30,021	30,021
	2014-15		12,000	11,289	11,289
Special Education - Grants to States	2014-15	84.027	2,645	2,645	2,645
	2013-14			1,531	1,531
	2014-15		2,652	788	788
	2014-15		364,527	364,527	364,527
	2014-15		900	900	900
	2013-14			17,601	17,601
Special Education - Preschool Grants (IDEA Preschool)	2014-15	84.173	3,004	-	-
	2013-14			2,378	2,378
	2012-13			776	776
Special Education - State Personnel Development	2014-15	84.323	2,000	2,000	2,000
English Language Acquisition Grants	2014-15	84.365	13,041	6,574	6,574
	2013-14			1,930	1,930
Improving Teacher Quality State Grants	2014-15	84.367	84,867	79,915	79,915
	2013-14		31,726	31,726	31,726
Passed through Willamette Regional Educational Service District:					
Migrant Education - State Grant Program	2014-15	84.011	11,813	11,813	11,813
Special Education - Grants to States		84.027		751	-
TOTAL SPECIAL REVENUE				1,716,979	1,716,127
TOTAL FEDERAL AWARDS				$ 1,727,256	$ 1,726,404

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors
CASCADE SCHOOL DISTRICT NO. 5
Turner, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the CASCADE SCHOOL DISTRICT NO. 5 as of and for the year ended June 30, 2015, and have issued our report thereon dated December 31, 2015.

Compliance

As part of obtaining reasonable assurance about whether the CASCADE SCHOOL DISTRICT NO. 5 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS (Continued)

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

A. The budget was executed in compliance with legal requirements, except that expenditures in excess of appropriations (which are prohibited by ORS 294.435) were made in the following categories:

Fund/Category	Appropriation	Actual	Variance
Debt Service			
Debt service	$ 2,845,344	$ 2,864,236	$ (18,892)
Burkland Pool Endowment			
Enterprise and community services	100	852	(752)

B. Multiple errors were noted in the District's reporting of teacher years of experience as one of the factors for determining State School Fund revenue.

C. The district did not consistently obtain the required quotes for intermediate procurements as require by ORS 279B.070.

OAR 162-10-0230 Internal Control

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

Restriction on Use

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

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2015
By:

Bradley G. Bingenheimer, Member

GRANT COMPLIANCE – SINGLE AUDIT

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

Board of Directors
CASCADE SCHOOL DISTRICT NO. 5
Turner, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **CASCADE SCHOOL DISTRICT NO. 5**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-1, 2015-2, and 2015-3 that we consider to be significant deficiencies.

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

Compliance and Other Matters

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

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
CASCADE SCHOOL DISTRICT NO. 5
Turner, Oregon

Report on Compliance for Each Major Federal Program

We have audited the District's 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, 2015. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (Continued)

Opinion on Each Major Federal Program

In our opinion**, CASCADE SCHOOL DISTRICT NO. 5** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-5. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of **CASCADE SCHOOL DISTRICT NO. 5** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (Continued)

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. We did not identify any deficiencies that we considered to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2015-4 to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
December 31, 2015

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CASCADE SCHOOL DISTRICT NO. 5

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Section I- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major federal programs:	

CFDA Number(s)	***Name of Federal Program or Cluster***
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Grants to LEA's
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

Section II- Financial Statements Findings

2015- 1 Financial reporting

Criteria:	Written procedures should exist to govern accounting practices for all activities of the District.
Condition:	The district has student body activity funds at each of their individual school locations. The district does not have written accounting procedures in place for these student body activity funds. In addition, adequate segregation of duties does not exist for these funds.
Cause:	Management has not established written procedures for student body activity operations and accounting.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Section II- Financial Statements Findings (continued)

2015- 1 Financial reporting (Continued)

Effect: Employees could approve, record and prepare checks for unauthorized expenses or commit fraud.

Management response: Management is in the process of developing and implementing written procedures for student body activity funds.

2015- 2 Preparation of financial statements

Criteria: The preparation of financial statements is the responsibility of management. Management is also responsible for designing and implementing internal controls over the preparation of the financial statements.

Condition: The auditor has prepared the financial statements (a nonattest service) on behalf of management. Therefore management has not designed or implemented controls over the preparation of the financial statements. Management has identified the Director of Finance as having suitable skills, knowledge or experience to accept responsiblity for the financial statements.

Cause: Management has performed a cost-benefit analysis and determined it is most efficient to have the auditors prepare the financial statements in conjunction with the audit of the financial statements.

Effect: Management believes there are no negative effects, or potentially negative effects on the financial statements.

Management Response: Management has determined that it is not cost effective to correct this deficiency in internal controls.

2015- 3 Adjusting journal entries

Criteria: Adequate documentation and approval should exist prior to adjusting journal entries being entered into to the financial records.

Condition: Adjusting journal entries were posted to the district financial records, however, no documentation was retained to support the amounts or need for the entries. In addition, no evidence existed of a supervisory review and approval of the entries.

Cause: A single individual can prepare and post journal entries.

Effect: Employees could make unauthorized adjustments to the financial records to commit or conceal fraud.

Management Response: Management will maintain back-up to adjusting journal entries and will utilize the AJE approval queue in the financial accounting software.

Section III- Federal Award Findings and Questioned Costs

2015-4

Federal Program:	Child Nutrition Cluster	10.553, 10.555, 10.559
Criteria:	Income eligibility guidelines stipulate free and reduced meals are based upon income and family size. The Child Nutrition Cluster requires verification of free and reduced price applications under special tests and provisions.	
Condition:	District personnel improperly calculated family eligibility from income verification documentation. Adequate monitoring was not provided over personnel determining eligibility for free or reduced meals.	
Questioned costs:	None	
Recommendations:	The District should implement a review process over the eligibility determination.	
Management Response:	Management will strengthen its existing review process.	

2015-5

Federal Program:	Title I Grants to LEA's	84.010
Criteria:	Per OMB Circular A-87 Attachment B, paragraph 8.4.(4), employees who work in part on federal programs and in part on programs funded from other revenue sources, must maintain time and effort documentation to support the portion of time spent on the Federal program.	
Condition:	Two employees who worked in part on federal programs did not keep time and effort records to support the time spent on the Federal program.	
Questioned costs:	$25,268.00	
Recommendations:	The district should maintain documentation which satisfies the federal requirements.	
Management Response:	Management has directed staff to maintain appropriate documentation.	

CASCADE SCHOOL DISTRICT NO. 5
SUMMARY SCHEDULE OF PRIOR FINDINGS

For the Year Ended June 30, 2015

2014-3, 2013-3 and 2012-2

Federal Program:	Child Nutrition Cluster	10.553, 10.555, 10.559
Criteria:	Income eligibility guidelines stipulate free and reduced meals are based upon income and family size. The Child Nutrition Cluster requires verification of free and reduced price applications under special tests provisions.	
Condition:	District personnel improperly calculated family eligibility from income verification documentation. Adequate monitoring was not provided over personnel determining the eligibility for free or reduced meals.	
Questioned costs:	None	
Recommendations:	The District should implement a review process over the eligibility determination.	
Response:	Management concurred with the recommendation and will implement a review over eligibility calculations.	
Status:	Management did not maintain any documentation to support that they had actually implemented a review process.	

2014-4

Federal Program:	Special Education Cluster	84.027, 84.173
Criteria:	Per OMB Circular A-87 Attachment B, paragraph 8.4.(4), employees who work in part on federal programs and in part on programs funded from other revenue sources, must maintain time and effort documenta -tion to support the portion of time spent on the Federal program.	
Condition:	Two employees who worked in part on federal programs did not keep time and effort records to support the time spent on the Federal program.	
Questioned costs:	$43,118.12	
Recommendations:	The district should maintain documentation which satisfies the federal requirements.	
Status:	The district has implemented a process to insure they have appropriate documentation to support split funded personnel for this program	

CASCADE SCHOOL DISTRICT NO. 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Department of Agriculture		
Food and Nutrition Service		
Passed through State Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	133,379
National School Lunch Program	10.555	489,204
Summer Food Service Program for Children	10.559	13,778
Subtotal Child Nutrition Cluster		636,361
Forest Service		
Passed through Marion County:		
Schools and Roads - Grants to Counties	10.666	10,277
TOTAL DEPARTMENT OF AGRICULTURE		646,638
Department of Education		
Office of Special Education and Rehabilitative Services		
Special Education Cluster		
Passed through State Department of Education:		
Special Education - Grants to States	84.027	
		2,645
		1,531
		788
		364,527
		900
		17,601
Subtotal Special Education - Grants to States		387,992
Special Education - Preschool Grants (IDEA Preschool)	84.173	776
		2,378
Subtotal Special Education - Preschool Grants (IDEA Preschool)		3,154
Subtotal Special Education Cluster		391,146
Special Education - State Personnel Development	84.323	2,000

Continued on next page

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (continued)	Federal CFDA Number	Federal Expenditures
Department of Education (continued)		
Office of Elementary and Secondary Education		
Passed through State Department of Education:		
Title I Grants to LEA's	84.010	
		$ 418,300
		36,196
		50,478
		30,021
		11,289
		8,378
Subtotal Title I Grants to LEA's		554,662
Improving Teacher Quality State Grants	84.367	31,726
		79,915
Subtotal Improving Teacher Quality State Grants		111,641
Passed through Willamette Educational Service District:		
Migrant Education - State Grant Program	84.011	11,813
Office of English Language Acquisition		
Passed through State Department of Education:		
English Language Acquisition Grants	84.365	
		6,574
		1,930
Subtotal English Language Acquisition Grants		8,504
TOTAL DEPARTMENT OF EDUCATION		1,079,766
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 1,726,404

See accompanying notes

CASCADE SCHOOL DISTRICT NO. 5

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of **CASCADE SCHOOL DISTRICT NO. 5**, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

2. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. During the 2014-15 year, the District received U.S.D.A. commodities in the amount of $45,492. At June 30, 2015, ending inventory of food commodities amounted to $11,951.