

CASCADE SCHOOL DISTRICT NO. 5
Turner, Oregon

Financial Statements

Year Ended June 30, 2016

CASCADE SCHOOL DISTRICT NO. 5
TURNER, OREGON
BOARD OF DIRECTORS AND OFFICERS

BOARD OF DIRECTORS FOR THE YEAR ENDED JUNE 30, 2016

	<u>Term Expires</u>
Ron Johnson, Chair	6/30/2017
Karen Ramseyer	6/30/2017
Dominic Federico	6/30/2019
Brett Stegall	6/30/2017
Dan Van De Hey	6/30/2017

All board members receive mail at the administrative office.

OFFICERS

Darin Drill
Scott Pillar

Superintendent
Deputy Clerk

ADMINISTRATIVE OFFICE

10226 Marion Road S.E.
Turner, OR 97392

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TURNER, OREGON
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TURNER, OREGON
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FINANCIAL SECTION

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To the School Board
Cascade School District No. 5
Turner, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cascade School District No. 5, Turner, Oregon (District), as of and for the year ended June 30, 2016, 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 from material misstatement.

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

We believe 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 the District, as of June 30, 2016, and, the respective changes in financial position and the respective budgetary comparisons for the General Fund and Special Revenue Fund for the year then ended in conformity 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, the Schedule of Funding Progress for Other Postemployment Benefits and Oregon Public Employee Retirement System Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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



Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2016, 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.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 29, 2016, on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of 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.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 29, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CASCADE SCHOOL DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For the year ended June 30, 2016

Our discussion and analysis of Cascade School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District's Financial Statements, which follows this MD&A.

FINANCIAL HIGHLIGHTS

- At June 30, 2016, the District's assets exceeded its liabilities by \$1,208,891
- The General Fund's fund balance increased by \$443,556.
- The District's net position decreased by \$2,015,815 during 2015-16.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of a series of financial statements that show information for the District as a whole. The Statement of Net Position and the Statement of Activities provides information about the activities of the District as a whole and presents a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the District's overall financial health. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the general fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These statements present information on the District's finances in a manner similar to private sector businesses. One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information on the District as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position shows the District's assets and liabilities, with the difference between the two reported as net position. All capital assets and long-term liabilities, and general government functions, are shown in the Statement of Net Position.

The Statement of Activities shows revenues, expenses, and the change in net position for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as are 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 the 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 reconciliations following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position were as follows:

Net Position at Fiscal Year-End For the Year Ended June 30, 2016 and 2015			
	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	
Assets			
Current and other assets	\$ 5,869,050	\$ 7,429,949	\$ (1,560,899)
Capital assets	29,333,634	29,723,141	(389,507)
Total Assets	<u>35,202,684</u>	<u>37,153,090</u>	<u>(1,950,406)</u>
Deferred Outflows of Resources	<u>1,469,599</u>	<u>1,799,503</u>	<u>(329,904)</u>
Liabilities			
Current and other liabilities	2,084,818	2,444,890	(360,072)
Long-Term Obligations	31,909,005	30,150,842	1,758,163
Total Liabilities	<u>33,993,823</u>	<u>32,595,732</u>	<u>1,398,091</u>
Deferred Inflows of Resources	<u>810,582</u>	<u>2,473,168</u>	<u>(1,662,586)</u>
Net Position:			
Invested in capital assets, net of related debt	14,166,718	14,485,032	(318,314)
Restricted	1,139,347	1,395,315	(255,968)
Unrestricted	<u>(13,438,187)</u>	<u>(11,996,654)</u>	<u>(1,441,533)</u>
Total Net Position	<u>\$ 1,867,878</u>	<u>\$ 3,883,693</u>	<u>\$ (2,015,815)</u>
		As Restated	

The District's revenues and expenses for fiscal year 2015-16, were as follows:

**Changes in Net Position
For the Year Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		Increase (Decrease)
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 1,405,909	\$ 1,304,836	\$ 101,073
Operating grants and contributions	1,913,740	1,869,444	44,296
General Revenues:			
Property Taxes	6,003,717	5,802,336	201,381
State School Fund - General Fund	14,898,132	13,982,633	915,499
Other State and Local Sources	755,736	1,130,141	(374,405)
Total Revenues	<u>24,977,234</u>	<u>24,089,390</u>	<u>887,844</u>
Expenses:			
Instruction Support Services	14,844,600	11,361,572	3,483,028
Support Services	9,544,271	7,892,196	1,652,075
Community Services	1,149,406	1,046,788	102,618
Interest on Long-Term Debt	1,454,772	1,432,576	22,196
Total Expenses	<u>26,993,049</u>	<u>21,733,132</u>	<u>5,259,917</u>
Change in Net Position	<u>(2,015,815)</u>	<u>2,356,258</u>	<u>(4,372,073)</u>
Net Position - July 1 as previously restated	3,841,263	1,485,005	2,356,258
Restated	42,430	-	42,430
Net position - July 1, Restated	<u>3,883,693</u>	<u>1,485,005</u>	<u>2,398,688</u>
Net position - June 30	<u>\$ 1,867,878</u>	<u>\$ 3,841,263</u>	<u>\$ (1,973,385)</u>

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2016, total fund balance of the governmental funds was \$3,111,611 (governmental fund balance includes unassigned balance of \$1,723,056). These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

CAPITAL ASSETS

At June 30, 2016 the District had \$29,333,634 invested in broad range of capital assets, including land, building, equipment and vehicles. The changes in capital assets for 2015-16 are due to the depreciation of capital assets, as well as the purchase Cloverdale Modular Classroom and HS Control Upgrades.

DEBT ADMINISTRATION

As of June 30, 2016 the District had \$25,113,856 in General Obligation Bonds and Other Bonds. The district's debt consists of a General Obligation Bonds, Pension Obligation Bonds and Limited Tax Qualified Revenue Bonds. See note 5 of the financial statement for additional information.

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 2016-2017, our largest revenue source. We also expect to see modest increase in property tax revenue. The District's priority is to bring back programs that were reduced or eliminated in past years due to budget reductions. The district may apply some of the expected revenue increase to negotiated salary and benefit increases and natural roll up costs for employees.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please Scott Pillar, 10226 Marion Road SE, Turner, OR 97392

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CASCADE SCHOOL DISTRICT NO. 5
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets	
Cash and Investments	\$ 4,815,572
Restricted Cash	144,307
Receivables	868,576
Prepays	12,601
Inventory, at Cost	28,024
Capital Assets	
Land	182,191
Construction in Progress	16,571
Buildings and equipment, net	29,134,842
Total Assets	35,202,684
Deferred Outflows of Resources	
Pension Plan	562,059
Deferred Charge on Refunding	907,540
Total Deferred Outflows of Resources	1,469,599
Liabilities	
Accounts Salaries, and Contracts Payable	2,034,505
Accrued Interest Payable	23,642
Unearned Revenue	26,671
Noncurrent Liabilities	
Obligations Due Within One Year:	
Long-term Debt	1,458,635
Obligations Due in More Than One Year:	
Long-term Debt	23,655,221
Compensated Absences	32,282
Net Pension Obligation - Early Retirement	79,253
Bond Premiums	1,910,784
Other Postemployment Benefit Obligation	1,552,205
Proportionate share of net pension liability	3,220,625
Total Liabilities	33,993,823
Deferred Inflows of Resources	
Pension Plan	810,582
Total Deferred Inflows of Resources	810,582
Net Position	
Net Investment in Capital Assets	14,166,718
Restricted for:	
Grant Programs	269,141
Capital Projects	346,380
Student Body Activities	366,496
Scholarships	44,307
Swimming Pool Endowment	113,023
Unrestricted	(13,438,187)
Total Net Position	\$ 1,867,878

See notes to the basic financial statements.

CASCADE SCHOOL DISTRICT NO. 5
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instructional Programs	\$ 14,844,600	\$ 896,617	\$ 1,098,676	\$ (12,849,307)
Support Services	9,544,271	271,792	313,181	(8,959,298)
Enterprise and Community Services	1,149,406	237,500	501,883	(410,023)
Interest on Long-term Debt	1,454,772	-	-	(1,454,772)
Total Governmental Activities	\$ 26,993,049	\$ 1,405,909	\$ 1,913,740	(23,673,400)
General Revenues				
Property Taxes Levied for General Purposes				4,618,477
Property Taxes Levied for Debt Service				1,385,240
Unrestricted grants and contributions				434,152
State School Fund - General Support				14,898,132
Common School Fund				213,893
Federal Forest Fees				15,905
Earnings on Investments				65,753
Miscellaneous				26,033
Total General Revenues				21,657,585
Change in Net Position				(2,015,815)
Net Position				
Beginning of Year, as Restated				3,883,693
End of Year				\$ 1,867,878

See notes to the basic financial statements.

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FUND
FINANCIAL STATEMENTS

CASCADE SCHOOL DISTRICT NO. 5
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

ASSETS	General Fund	Special Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Cash and Investments	\$ 3,502,079	\$ 1,005,623	\$ -	\$ 338,137	\$ 4,845,839
Restricted Cash	-	44,307	-	100,000	144,307
Receivables	714,887	42,990	69,865	40,834	868,576
Prepays	12,601	-	-	-	12,601
Inventory, at Cost	-	28,024	-	-	28,024
Total Assets	\$ 4,229,567	\$ 1,120,944	\$ 69,865	\$ 478,971	\$ 5,899,347
LIABILITIES					
Accounts Payable	\$ 58,971	\$ 37,190	\$ -	\$ -	\$ 96,161
Deficit in Pooled Cash	-	-	30,267	-	30,267
Accrued Payroll and Payroll Liabilities	1,773,983	164,361	-	-	1,938,344
Unearned Revenue	-	26,671	-	-	26,671
Total Liabilities	1,832,954	228,222	30,267	-	2,091,443
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue from Property Taxes and Contracts	644,413	-	51,880	-	696,293
Total Deferred Inflows of Resources	644,413	-	51,880	-	696,293
FUND BALANCES					
Nonspendable	12,601	28,024	-	100,000	140,625
Restricted for:					
Grant Programs	-	269,141	-	-	269,141
Student Activities	-	366,496	-	-	366,496
Scholarships	-	44,307	-	-	44,307
Capital Projects	-	-	-	346,380	346,380
Permanent Fund	-	-	-	13,023	13,023
Committed to:					
Unemployment	-	150,384	-	-	150,384
Deductibles and Unisured Claims	-	18,861	-	-	18,861
Swimming Pool Operations and Maintenance	-	15,509	-	-	15,509
Assigned to:					
Capital Projects	-	-	-	23,829	23,829
Unassigned	1,739,599	-	(12,282)	(4,261)	1,723,056
Total Fund Balances	1,752,200	892,722	(12,282)	478,971	3,111,611
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,229,567	\$ 1,120,944	\$ 69,865	\$ 478,971	\$ 5,899,347

See notes to the basic financial statements.

CASCADE SCHOOL DISTRICT NO. 5
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2016

Total Fund Balances		\$ 3,111,611
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 37,415,349	
Accumulated depreciation	<u>(8,081,745)</u>	29,333,604
A portion of the District's property taxes and contract are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		696,293
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	562,059	
Deferred outflows of resources related to refunding	907,540	
Deferred inflows or resources related to pensions	<u>(810,582)</u>	659,017
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued Interest Payable	(23,642)	
Accrued Compensated Absences Payable	(32,282)	
Bonds Payable and Bond Premiums	(27,024,640)	
Net Pension Obligation - Early Retirement	(79,253)	
Proportionate share of net pension liability	(3,220,625)	
Net OPEB obligations	<u>(1,552,205)</u>	<u>(31,932,647)</u>
Total Net Position		<u>\$ 1,867,878</u>

See notes to the basic financial statements.

CASCADE SCHOOL DISTRICT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Revenues	General Fund	Special Revenue Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 4,621,408	\$ -	\$ 1,386,284	\$ -	\$ 6,007,692
Local Sources	255,804	1,044,277	1,280,295	177,508	2,757,884
Intermediate Sources	434,152	-	-	-	434,152
State Sources	15,288,227	128,438	-	-	15,416,665
Federal Sources	15,905	1,562,950	-	-	1,578,855
Investment Earnings	59,973	274	4,775	731	65,753
Total Revenues	<u>20,675,469</u>	<u>2,735,939</u>	<u>2,671,354</u>	<u>178,239</u>	<u>26,261,001</u>
 Expenditures					
Current					
Instruction	11,913,309	1,226,643	-	-	13,139,952
Support Services	8,200,857	551,317	1,721	136,405	8,890,300
Enterprise and Community Services	-	1,063,026	-	87	1,063,113
Debt Service					
Principal	-	-	1,408,972	-	1,408,972
Interest	-	-	1,517,261	-	1,517,261
Capital Outlay					
Support Services	16,262	-	-	230,421	246,683
Total Expenditures	<u>20,130,428</u>	<u>2,840,986</u>	<u>2,927,954</u>	<u>366,913</u>	<u>26,266,281</u>
 Excess (Deficiency) of					
Revenues Over (Under) Expenditures	<u>545,041</u>	<u>(105,047)</u>	<u>(256,600)</u>	<u>(188,674)</u>	<u>(5,280)</u>
 Other Financing Sources (Uses)					
Sale of Capital Assets	149,095	-	-	-	149,095
Transfers In	-	101,950	148,630	-	250,580
Transfers (Out)	<u>(250,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,580)</u>
Total Other Financing Sources (Uses)	<u>(101,485)</u>	<u>101,950</u>	<u>148,630</u>	<u>-</u>	<u>149,095</u>
Net Changes in Fund Balances	443,556	(3,097)	(107,970)	(188,674)	143,815
 Fund Balances					
Beginning of Year, Restated	<u>1,308,644</u>	<u>895,819</u>	<u>95,688</u>	<u>667,645</u>	<u>2,967,796</u>
End of Year	<u>\$ 1,752,200</u>	<u>\$ 892,722</u>	<u>\$ (12,282)</u>	<u>\$ 478,971</u>	<u>\$ 3,111,611</u>

See notes to the basic financial statements.

CASCADE SCHOOL DISTRICT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Net Change in Fund Balance	\$	143,815
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Expenditures for capital assets	\$ 210,145	
Less current year depreciation	<u>(599,682)</u>	(389,537)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt.		
Less principal repaid		1,408,972
Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences:		
Amortization of Premium	191,079	
Amortization of Deferred Gain on Refunding	<u>(129,649)</u>	61,430
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
		(2,950,291)
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenditure when due.		
		1,059
Property taxes and Contract that do not meet the measurable and available criteria are not recognized as revenues in the current year in the governmental funds. In the Statement of Activities property and Contract taxes are recognized as revenue when levied and received.		
		(153,674)
In the Statement of Activities, contributions for other postemployment benefits less than the actuarially determined contribution amount increase the other postemployment benefit obligation. In the governmental funds the entire contribution is recognized as an expenditure. This is the amount by which the obligation increased:		
		(138,014)
Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities, compensated absences are recognized as an expense when earned.		
		<u>425</u>
Change in Net Position	\$	<u><u>(2,015,815)</u></u>

See notes to the basic financial statements.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budget			Variance with Final Budget
	Adopted	Final	Actual	
Revenues				
Local Sources	\$ 4,912,666	\$ 4,912,666	\$ 4,877,212	\$ (35,454)
Intermediate Sources	477,790	477,790	434,152	(43,638)
State Sources	14,492,195	14,492,195	15,288,227	796,032
Federal Sources	2,000	2,000	15,905	13,905
Earnings on Investments	60,000	60,000	59,973	(27)
Total Revenues	19,944,651	19,944,651	20,675,469	730,818
Expenditures				
Instruction *	11,766,191	11,866,191	11,913,309	(47,118)
Support Services *	8,282,350	8,282,350	8,217,119	65,231
Contingency *	642,925	542,925	-	542,925
Total Expenditures	20,691,466	20,691,466	20,130,428	561,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	(746,815)	(746,815)	545,041	1,291,856
Other Financing Sources (Uses)				
Sale of Capital Assets	154,398	154,398	149,095	(5,303)
Transfers (Out) *	(322,586)	(322,586)	(250,580)	72,006
Total Other Financing Sources (Uses)	(168,188)	(168,188)	(101,485)	66,703
Net Change in Fund Balance	(915,003)	(915,003)	443,556	1,358,559
Fund Balance				
Beginning of Year	1,200,000	1,200,000	1,308,644	108,644
End of Year	<u>\$ 284,997</u>	<u>\$ 284,997</u>	<u>\$ 1,752,200</u>	<u>\$ 1,467,203</u>

* Legally adopted appropriation level

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources	\$ 1,106,000	\$ 1,106,000	\$ 1,044,277	\$ (61,723)
State Sources	67,200	67,200	128,438	61,238
Federal Sources	1,769,393	1,769,393	1,562,950	(206,443)
Earnings on Investments	3,300	3,300	274	(3,026)
Total Revenues	<u>2,945,893</u>	<u>2,945,893</u>	<u>2,735,939</u>	<u>(209,954)</u>
Expenditures				
Instruction *	1,578,066	1,578,066	1,226,643	351,423
Support Services *	930,692	930,692	551,317	379,375
Enterprise and Community Services *	1,187,456	1,187,456	1,063,026	124,430
Contingency *	290,000	290,000	-	290,000
Total Expenditures	<u>3,986,214</u>	<u>3,986,214</u>	<u>2,840,986</u>	<u>1,145,228</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(1,040,321)</u>	<u>(1,040,321)</u>	<u>(105,047)</u>	<u>935,274</u>
Other Financing Sources (Uses)				
Transfers In	173,956	173,956	101,950	(72,006)
Total Other Financing Sources (Uses)	<u>173,956</u>	<u>173,956</u>	<u>101,950</u>	<u>(72,006)</u>
Net Change in Fund Balance				
	(866,365)	(866,365)	(3,097)	863,268
Fund Balance				
Beginning of Year	966,365	966,365	895,819	(70,546)
End of Year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 892,722</u>	<u>\$ 792,722</u>

* Legally adopted appropriation level

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies

Cascade School District No. 5 (the District), a municipal corporation governed under the laws of the State of Oregon, is governed by a separately elected five-member board authorized to transact all business on the District's behalf. The District is the special-purpose primary government exercising financial accountability for all public education within its boundaries. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

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

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Governmental activities are financed primarily through property taxes, income taxes, state support, intergovernmental revenues and charges for services.

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

Separate financial statements are provided for governmental funds.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

General Fund - This fund accounts for all revenues and expenditures of the District except for those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Special Revenue Fund - This fund 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 to District high school students. Principal sources of revenue are federal grants paid to the District through state and county agencies and other grants paid to the District directly from state, local, and private agencies, cash sales of foods, insurance reimbursements, pool admissions, fees, fundraising, and donations.

Debt Service Fund - This fund is used for the accumulation of resources and payment of general obligation bond and pension bond principal and interest. Primary resources in this fund are property taxes, charges to other funds, and earnings on investments.

Measurement Focus and Basis of Accounting

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

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

Budget

A budget is prepared and legally adopted for each governmental fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental funds. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Budget (Continued)

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication in newspapers or on the District website and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. The District's appropriations lapse at year-end. For budget purposes in conformance with Oregon Local Budget Law, outstanding encumbrances at year end are recorded as expenditures, but the District had no outstanding encumbrances at June 30, 2016.

Budget amount 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.

Cash and Investments

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

State statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the U.S. Treasury and its agencies, the Oregon State Treasury's Local Government Investment Pool (the LGIP), and demand deposits.

The District's investments consist of LGIP accounts. These investments are stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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

Property Taxes Receivable

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

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Accounts and Other Receivables

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

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (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.

Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes transfers occurring within governmental activities.

Inventory

Purchased inventory consists of food and supplies are stated at cost. 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 USDA and is valued at estimated fair value on the donation date.

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 assets categories with individual assets less than \$5,000 as composite groups for financial statement reporting purposes. In addition, capital assets purchases funded by long-term obligations may be capitalized regardless of the thresholds established. Such assets are reported at historical costs or estimated historical cost if purchased or constructed. Donated assets are reported at estimated fair value at the date of donations. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Building and Improvements	50 to 100 years
Play Sheds/Modular buildings	25 to 30 years
Equipment/Vehicles	5 to 110 years

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports one type related to the net PERS pension liability and one type related to bond refunding. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that arise for reporting in this category. The balance sheet reports unavailable revenues from two sources: property taxes and contract. The statement of net position reports one type related to the net PERS pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Retirement Plans

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

The District offers its employees a tax sheltered annuity plan established pursuant to Section 403(b) of the Internal Revenue Code.

Post-employment Health Care Benefits

Any past employee who began employment with the District before December 12, 1994, is entitled to District payment of group medical insurance premiums up to a monthly amount of \$403 if Cascade Union High and \$172 if Marion retiree. Such costs are charged to expenses/expenditures at actuarially determined amounts.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Fund Balances

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The Board authorizes the Superintendent or his/her designee as the official who is authorized to assign amounts. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the District board. Formal action is represented by board resolution.

Assigned fund balance includes amounts that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Director of Finance uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.

Unassigned fund balance is the residual classification for balances not assigned to another category.

The District considers the spending of restricted fund balances on purposes for which such funds can be used to occur first when funds are spent for restricted and unrestricted purposes. When unrestricted classifications of fund balance are spent, the board will consider that committed amounts will be reduced first, followed by assigned amounts and then unassigned amounts.

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consist of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted when constraints placed on the net position use are either externally restricted, imposed by creditors (such as grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Unrestricted net position – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Indirect Costs

Certain indirect costs have been included as part of the program expenses reported for the various functions.

Use of Estimates

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

2. Cash and Investments

The District maintains a cash pool that is available for use by all funds except the Student Body Fund. Each fund type’s portion of this pool is reported in the basic financial statements as Cash and Investments In addition, cash is separately held by certain funds of the District.

Cash and investments on June 30, 2016 consist of the following:

Deposits with Financial Institutions	\$	18,860
Investments		4,940,669
Petty Cash		350
Total	\$	4,959,879

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

2. Cash and Investments (Continued)

Statement of Net Position

Cash and Investments	\$ 4,815,572
Restricted Cash	<u>144,307</u>
Total	<u>\$ 4,959,879</u>

Deposits

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the District’s deposits may be lost. Insurance and collateral requirements for the deposits are established by federal banking regulations and Oregon law. State statutes require that the District’s deposits be covered by the Federal Deposit Insurance Corporation (FDIC) or by a multiple financial institution collateral pool under ORS 295.015 which is administered by the State of Oregon Office of the Treasury.

Deposits with financial institutions include primarily bank demand and money market deposits. The balances in these accounts according to the District’s records total \$18,860 on June 30, 2016. The bank statement records reflect a balance of \$668,529 at year end. Of this amount, \$340,298 is covered by the FDIC’s general deposit insurance rules. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of State Treasurer. As a result the District has no exposure to custodial credit risk for deposits with financial institutions.

Investments

The District’s investments as of June 30, 2016 were as follows:

	<u>Average</u> <u>Maturities</u>	<u>Fair Value</u>
Oregon State Treasury Local Government Investment Pool	six month average	<u>\$ 4,940,669</u>

Interest rate risk – investments. Under the District’s policy, investment maturities of over 18 months will be avoided, unless they can be matched with the specific expected use of funds as provided by ORS 294.135. For example, investment of capital bond funds shall be timed to meet projected construction payments, usually for a term not to exceed three years. Maturities over 18 months are allowed by ORS 294.135 following the review and approval for the District investment policy by the Oregon Short Term Fund Board, which has occurred.

Custodial credit risk – investments. The amounts in the Oregon State Treasury’s Local Government Investment Pool are part of the Oregon Short-Term Fund (Fund). The Fund’s portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian, which holds the Fund’s securities in the State of Oregon’s name. Time certificates of deposit in the Fund are not exposed to custodial credit risk, as they are partially covered by FDIC insurance and the balance is covered by the multiple institution collateral pool under ORS 295.015. Per the District’s board policy, credit risk is minimized by considering the safest types of investment instruments, portfolio diversification and the credit worthiness of the security user or backer.

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

2. Cash and Investments (Continued)

Investments (Continued)

Credit risk – investments. The Oregon Short-Term Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The Fund currently has no credit rating as assigned by the credit rating agencies. The Fund’s policies provide for a composite minimum weighted average credit quality rating for the Fund’s holdings to be the equivalent of an AA Standard and Poor’s rating. This composite is calculated based on the median rating if three agencies rate the security, the lower rating if two ratings are available or the single rating if only one rating is available.

On June 30, 2016, the Fund’s composite weighted average rating was equivalent to Standard and Poor’s AA based on the method described above. The State’s investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board.

Concentration of credit risk – investments. The Fund rules provide that the maximum that may be invested in any one issuer, as a percentage of the of the total investments, is 33 percent for U.S. Agency securities, ten percent for foreign governments and instrumentalities and five percent for both commercial paper and corporate notes. On June 30, 2016, the Fund did not hold investments with any one issuer that exceeded these limits.

Foreign currency – investments. The Fund portfolio rules prohibit investments that are not US dollar-denominated; therefore, the Fund is not exposed to this risk.

As of June 30, 2016 and the for the year then ended, the District was in compliance with the State of Oregon statutes regarding investments as discussed under Note 1.

3. Receivables

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

Property Taxes	\$	292,026
Accounts		54,257
Contract		479,303
Grants		42,990
		42,990
	\$	868,576

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

4. Capital Assets

Capital assets activity for the year was as follows:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Capital Assets not being Depreciated				
Land	\$ 182,191	\$ -	\$ -	\$ 182,191
Construction in Progress	<u>53,109</u>	<u>-</u>	<u>(36,538)</u>	<u>16,571</u>
Total	<u>235,300</u>	<u>-</u>	<u>(36,538)</u>	<u>198,762</u>
Capital Assets being Depreciated				
Buildings and Improvements	36,269,469	230,421	-	36,499,890
Equipment	<u>700,435</u>	<u>16,262</u>	<u>-</u>	<u>716,697</u>
Total	<u>36,969,904</u>	<u>246,683</u>	<u>-</u>	<u>37,216,587</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,893,018)	(560,328)	-	(7,453,346)
Equipment	<u>(589,045)</u>	<u>(39,354)</u>	<u>-</u>	<u>(628,399)</u>
Total	<u>(7,482,063)</u>	<u>(599,682)</u>	<u>-</u>	<u>(8,081,745)</u>
Total Capital Assets being Depreciated	<u>29,487,841</u>	<u>(352,999)</u>	<u>-</u>	<u>29,134,842</u>
Total Capital Assets, Net	<u>\$ 29,723,141</u>	<u>\$ (352,999)</u>	<u>\$ (36,538)</u>	<u>\$ 29,333,604</u>

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

Instruction	\$ 519,835
Support Services	48,364
Enterprise and Community Services	<u>31,483</u>
Total	<u>\$ 599,682</u>

5. Long-Term Debt

Bonds Payable

General Obligation Bonds – General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of school facilities.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

5. Long-Term Debt (Continued)

Bonds Payable (Continued)

Other bonds

Pension Obligation Bonds – Series 2003, the District issued \$15,286,668 of limited tax pension obligation bonds to finance its portion of the unfunded actuarially liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The annual payments on the pension obligation bonds are accounted for as additional contributions to PERS.

Limited Tax Qualified Revenue Bonds 2010 - the District issued bonds to finance costs of capital construction and improvements and to fund the cost of issues.

Long-term liability activity for the year ended June 30, 2016 is as follows:

Issue Date	Issue Amount	Outstanding July 1, 2015	Additions	Reductions	Outstanding June 30, 2016	Due Within One Year	Interest Rates
General Obligation Bonds							
10/19/2006	\$ 9,630,000	\$ 440,000	\$ -	\$ 440,000	\$ -	\$ -	4.00%
02/05/2013	13,445,000	13,365,000	-	425,000	12,940,000	915,000	2.00-5.00%
		13,805,000	-	865,000	12,940,000	915,000	
Other Bonds							
04/08/2010	2,000,000	1,380,000	-	130,000	1,250,000	130,000	1.35%
04/21/2013	15,286,668	11,337,828	-	413,972	10,923,856	413,635	15-6.27%
		12,717,828	-	543,972	12,173,856	543,635	
Total G.O. and Other Bonds		26,522,828	-	1,408,972	25,113,856	1,458,635	
Compensated Absences		32,707	-	425	32,282		
Early Retirement		72,087	7,166	-	79,253		
Unamortized Premium		2,101,863	-	191,079	1,910,784		
Other OPEB Obligation		1,421,357	130,848	-	1,552,205		
Proportionate share of NPL		-	3,220,625	-	3,220,625		
Total		\$ 30,150,842	\$ 3,358,639	\$ 1,600,476	31,909,005		

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,458,635	\$ 1,546,099	\$ 3,004,734
2018	1,516,799	1,588,730	3,105,529
2019	1,595,141	1,624,766	3,219,907
2020	1,682,680	1,658,404	3,341,084
2021	1,770,265	1,693,397	3,463,662
2022 - 2026	14,040,336	5,090,631	19,130,967
2027 - 2028	3,050,000	228,904	3,278,904
	\$ 25,113,856	\$ 13,430,931	\$ 38,544,787

Payments on bonds payable are made by the Debt Service Fund.

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

6. Interfund Transfers

Interfund transfers were made to subsidize Special Revenue Fund and Debt Service Fund operations for the year ended June 30, 2016 as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 250,580
Special Revenue Fund	101,950	-
Debt Service Fund	148,630	-
Total	\$ 250,580	\$ 250,580

7. Pension Plan

A. Oregon Public Employees Retirement System (PERS)

Plan Description

The District participates in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan. OPERS provides retirement, disability, and death benefits to plan members and their beneficiaries.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The plan complies with Internal Revenue Service rules prescribed in 401(a). The Oregon Legislature has delegated the authority to the Public Employees Retirement Board (PERB) to administer and manage the system. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. OPERS prepares their financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPERS is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

7. Pension Plan (continued)

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

a. Tier One/Tier Two Retirement Benefit Plan (Chapter 238).

Pension Benefits

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

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

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

Death Benefits

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

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

Disability Benefits

A member with ten 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 disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

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.

b. OPSRP Pension Program (Chapter 238A).

Pension Benefits.

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. For general service employees benefits are calculated with the following formula: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death Benefits

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

Disability Benefits

A member who has accrued ten 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.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. The District made lump sum payments to establish side accounts in 2003, which reduces the District rates below the standard School District Pool rates. The District's contractually required contribution rate for the year ended June 30, 2016 was 3.81% of eligible payroll for Tier 1/Tier 2 members and .45% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2016 were \$243,517, excluding amounts to fund employer specific liabilities. \$1,280,295 was charged for the year ended June 30, 2016 as PERS benefit expenditures to be used for bond payments as they become due. In addition, \$627,400 in employee contributions were paid by the district for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a net pension liability of \$3,220,625 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2015 the District's proportion was .05609416%. For the year ended June 30, 2016, the District recognized a pension expense of \$2,950,291 million. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual experience	\$ 173,672	\$ -
Net difference between projected and actual earnings on pension plan investments	-	675,116
Changes in proportion	60,216	-
Changes between employer Contributions and proportionate share of contributions	59,267	135,466
District contributions subsequent to the measurement date	<u>268,904</u>	<u>-</u>
Total	<u>\$ 562,059</u>	<u>\$ 810,582</u>

\$268,904 reported as deferred outflows of resources related to pensions resulting from 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 by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

	<u>Pension Expense</u>
June 30, 2017	\$ (293,125)
June 30, 2018	(293,125)
June 30, 2019	(293,125)
June 30, 2020	335,297
June 30, 2021	26,651

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

Actuarial Methods and Assumptions:

Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
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

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15% in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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

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.

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

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

Long-Term Expected Rate of Return

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

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	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed inflation - Mean		2.75

CASCADE SCHOOL DISTRICT NO. 5
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability (asset)	\$ 7,772,857	\$ 3,220,625	\$ (615,712)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the District's net position has been determined on the same basis used by OPERS.

Changes in Plan Provisions Effecting the Roll Forward

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compare to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.75%, which will be effective January 1, 2016.

B. Early Retirement Benefits

Plan Description

The District provides single-employer, defined benefit early retirement programs for certain employees.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

Eligibility

Eligibility under the plan is as follows:

- The retiree must be eligible to receive benefits from PERS.
- Cascade Union High Bargaining Unit – Retire after reaching age 55 or after earning 30 years of PERS service and has provided at least 15 years of continuous service to the District.
- Aumsville Bargaining Unit – Retire after reaching age 55 or after earning 30 years of PERS service, and has provided at least 15 years of full-time employment with the District.

Similar to the OPEB presented, the employer contribution rates are based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Benefits Provisions

Cascade Union High Bargaining Unit – A monthly stipend of \$319, paid for 7 years, until the participant dies, or until the participant reaches 62 whichever comes first.

Aumsville Bargaining Unit – A monthly stipend of \$300, pad for 7 years, until the participant dies, or until the participant reaches age 62, whichever comes first.

Funding Policy

The District pays for benefits without any cost to employees. The early retirement program is funded on a pay-as-you-go basis.

Annual NPO Cost and Net NPO Obligation.

The District's annual net pension obligation (NPO) cost (expense) is reflected in the Statement of Net Position on the accrual basis, and is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual NPO cost for the three years ending June 30, 2016, the amount actually contributed to the plan, and changes in the District's net NPO obligation:

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

7. Pension Plan (Continued)

	<u>Year Ending June 30, 2014</u>	<u>Year Ending June 30, 2015</u>	<u>Year Ending June 30, 2016</u>
Determination of Net Pension Obligation			
Annual Required Contribution	\$ 107,413	\$ 133,648	\$ 138,660
Interest on Pension Obligation	(730)	423	2,883
Adjustment to Annual Required Contribution	<u>6,102</u>	<u>(5,290)</u>	<u>(72,087)</u>
Annual OPEB Cost	112,785	128,781	69,456
Contributions Made	<u>(83,961)</u>	<u>(67,274)</u>	<u>(62,290)</u>
Increase in Net OPEB Obligation	28,824	61,507	7,166
Net Pension Obligation, Beginning of the Year	<u>(18,244)</u>	<u>10,580</u>	<u>72,087</u>
Net Pension Obligation, End of the Year	<u>\$ 10,580</u>	<u>\$ 72,087</u>	<u>\$ 79,253</u>
Percentate of ARC Contributed	78.17%	50.34%	44.92%

Actuarial Methods and Assumptions – The actuarial calculations for the NPO are identical to the methods described in the OPEB discussed below.

Funding Status and Funding Progress – As of July 1, 2014, the date of the District’s valuation, the plan is 0% funded and the unfunded AAL was \$1,891,230. Using actuarial methods previously discussed pertaining to OPEB and a 10 year amortization period, the ARC for the year ended June 30, 2016 has been determined to be \$69,456 representing the District contributions

8. Other Postemployment Benefits

Postemployment Health Care Benefits

Plan Description – The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision benefit to eligible employees and their dependents. There are 220 active and 22 retired members in the plan. Benefits for members are established through the respective collective bargaining agreements. There is no separate audit report issued for this plan.

Cascade Union High retirees are eligible to receive a monthly benefit of up to \$403 towards payment of health care premiums for a period of 10 years or age 65, whichever occurs first.

The District follows ORS 243.303 which stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claim costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of the retiree healthcare premiums represents the District’s implicit employer contribution also referred to as an “implicit rate subsidy.”

The District has not established an irrevocable trust or equivalent arrangement to account for the plan and is not required to do so. Instead, the activities of the plan are reported in the General Fund.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

8. Other Postemployment Benefits (Continued)

Postemployment Health Care Benefits (Continued)

Funding Policy – The explicit rate subsidy benefits are paid by District contributions. The implicit rate subsidy benefits are paid by retirees on a self-pay basis. The required contributions for both benefits are based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Components of the OPEB obligation at June 30, 2014, 2015 and 2016 are as follows:

	<u>Year Ending June 30, 2014</u>	<u>Year Ending June 30, 2015</u>	<u>Year Ending June 30, 2016</u>
Determination of Annual Required Contribution			
Normal Cost at Year End	\$ 109,648	\$ 101,599	\$ 109,730
Interest	4,192	4,432	4,432
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	<u>112,994</u>	<u>110,794</u>	<u>110,794</u>
Annual Required Contribution (ARC)	<u>\$ 226,834</u>	<u>\$ 216,825</u>	<u>\$ 224,956</u>
Determination of Net OPEB Obligation			
Annual Required Contribution	\$ 226,834	\$ 216,825	\$ 224,956
Interest on Prior Year Net OPEB Obligation	46,350	51,638	56,854
Adjustment to Annual Required Contribution	<u>(78,560)</u>	<u>(87,521)</u>	<u>(96,362)</u>
Annual OPEB Cost	194,624	180,942	185,448
Implicit Benefit Payments	<u>(62,444)</u>	<u>(50,526)</u>	<u>(54,600)</u>
Increase in Net OPEB Obligation	132,180	130,416	130,848
Net OPEB Obligation, Beginning of the Year	<u>1,158,761</u>	<u>1,290,941</u>	<u>1,421,357</u>
Net OPEB Obligation, End of the Year	<u>\$ 1,290,941</u>	<u>\$ 1,421,357</u>	<u>\$ 1,552,205</u>

The District’s annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ending June 30, 2016, 2015 and 2014 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 185,448	\$ 54,600	29%	\$ 1,552,205
2015	180,942	50,526	28%	1,421,357
2014	307,409	147,556	48%	1,301,521

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

8. Other Postemployment Benefits (Continued)

Funded Status and Funding Progress – As of July 1, 2014 the most recent actuarial valuation date for the year ended June 30, 2016, the District’s actuarial accrued liability (AAL) for benefits was \$1,891,230 and the actuarial value of assets was zero, resulting in an unfunded actuarial liability (UAAL) of \$1,891,230. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,621,541 and the ratio of the UAAL to the covered payroll was approximately 17.8 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – The projected unit credit actuarial cost method was used to determine contribution levels for the early retirement plan. Contribution levels are comprised of two components: normal cost and amortization payments. Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant’s years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of the plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized as a level percentage of payroll over an open period of 10 years for explicit and implicit medical benefits.

Actuarial calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect as of July 1, 2014 and reflect the sharing of costs between the District and the plan members at that point in time.

In the July 1, 2014 actuarial valuation, the actuarial assumptions include a discount rate of 4.0% for unfunded liabilities and a 100 percent assumption of participants who elect medical coverage at retirement. The discount rate for unfunded liabilities is based on the expected long-term annual investment returns for Oregon’s Local Government Investment Pool and comparable investment vehicles, while the rate for funded liabilities is based on a model investment portfolio, net of investment expenses. They also assume medical and prescription drug costs increased 6.5 percent from last year to this year and will increase 6.4 percent in the second year, and 6.3 percent in the third year. Future years varies between 6.1 percent and 5.10 percent and settling at ultimate trend of 5.00 percent thereafter. Health cost trends affect both the projected health care costs as well as the projected health care premiums. The UAAL is being amortized as a level dollar percent of payroll over 15 years.

Annual payroll increases are assumed at 3.75 percent, compounded annually for purposes of amortizing unfunded AAL.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured with Property & Casualty Coverage for Education, a property and liability risk pool for school entities in Oregon and pays an annual premium for its property, crime, public liability, boiler and machinery, difference in conditions, excess earthquake, foreign liability, errors and omission coverage, builders risk coverage and Oregon contractor's license bonds. The District also carries worker's compensation coverage through SAIF.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District's coverage in all areas remains consistent with prior years.

10. Contingent Liabilities

The amounts of grant revenue reflected in the basic financial statements are subject to audit and adjustment by grantor agencies, principally the federal government. Any costs which are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, future funding for school district may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

11. Operating Leases

The District leases copiers under five-year, non-cancelable operating leases. Operating lease expenses amounted to \$22,180 for the year ended June 30, 2016. \$20,130 and \$5,861 in future payments are due June 30, 2017 and 2018, respectively.

12. 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 the General Fund instruction function exceed appropriations by \$47,118. Expenditures in the Debt Service Fund debt service function exceeds appropriations by \$39,994.

13. Deficit Fund Balance

The Debt Service Fund has a deficit fund balance of \$12,282 as of June 30, 2016. The deficit represents PERS Bond service payments in excess of PERS bond charges to other funds to cover pension bond payments.

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

14. Prior Period Restatement

During the year, the District adjusted early retirement stipend by \$29,657 and Other Postemployment Benefit Obligation by \$72,087. These restatements had the following effect on the net position/fund balance of the District:

Net Position at June 30, 2015	\$ 3,841,263
Early Retirement Obligation	(29,657)
Other Postemployment Benefit Obligation	<u>72,087</u>
Net Position at June 30, 2015, Restated	<u><u>\$ 3,883,693</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Includes required supplementary information for Other Postemployment Benefits, including the funding progress and required disclosures related to Pensions.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS
JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll Totals	UAAL as a % of Covered Payroll
10/1/2008	\$ -	\$ 3,079,865	\$ 3,079,865	0%	\$ 10,092,444	30.50%
10/1/2010	-	2,926,844	2,926,844	0%	10,028,040	29.20%
7/1/2012	-	1,942,922	1,942,922	0%	9,269,401	21.00%
7/1/2014	-	1,891,230	1,891,230	0%	10,621,541	17.81%

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 420,301	44%	\$ 794,673
June 30, 2012	439,069	48%	1,003,768
June 30, 2013	299,323	54%	1,140,517
June 30, 2014	307,409	48%	1,304,521
June 30, 2015	309,723	38%	1,493,444
June 30, 2016	254,903	46%	1,552,205

CASCADE SCHOOL DISTRICT NO. 5
 REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 JUNE 30, 2016

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2014	5.2870%	\$ 2,683,592	\$ 8,718,549	30.78%	91.97%
June 30, 2015	5.2870%	(1,191,997)	9,546,101	-12.49%	103.60%
June 30, 2016	5.6094%	3,220,625	9,668,257	33.31%	91.88%

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

SCHEDULE OF DISTRICT CONTRIBUTIONS

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contributon deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2009	\$ 25,625	\$ 25,625	\$ -	\$ 10,092,444	0.25%
June 30, 2010	33,636	33,636	-	9,938,959	0.34%
June 30, 2011	12,518	12,518	-	10,028,040	0.12%
June 30, 2012	604,906	604,906	-	9,287,194	6.51%
June 30, 2013	563,225	563,225	-	8,718,549	6.46%
June 30, 2014	500,641	500,641	-	9,546,101	5.24%
June 30, 2015	762,314	762,314	-	9,968,257	7.65%
June 30, 2016	243,517	243,517	-	10,458,771	2.33%

CASCADE SCHOOL DISTRICT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

1. Other Postemployment Benefits

The schedule of funding progress for other postemployment benefits will eventually present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

2. Employee Retirement Pension Benefits.

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB information found at:

https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/gasb-68.aspx

Changes in Assumptions

A summary of key changes implemented since the December 31, 2013 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

https://www.oregon.gov/pers/EMP/Pages/section/er_general_information/gasb-68.aspx

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at:

https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf

SUPPLEMENTARY INFORMATION

Includes supplementary data for Other Major Governmental Funds and Nonmajor Governmental Funds.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Revenues from Local Sources				
Property Taxes				
Current Year	\$ 1,345,000	\$ 1,345,000	\$ 1,355,863	\$ 10,863
Prior Year	50,000	50,000	30,421	(19,579)
Services Provided to Other Funds	1,330,000	1,330,000	1,280,295	(49,705)
Earnings on Investments	3,000	3,000	4,775	1,775
Total Revenues	<u>2,728,000</u>	<u>2,728,000</u>	<u>2,671,354</u>	<u>(56,646)</u>
Expenditures				
Support Services *	<u>1,750</u>	<u>1,750</u>	<u>1,721</u>	<u>29</u>
Debt Service				
Redemption of Principal	1,368,972	1,368,972	1,408,972	(40,000)
Interest	<u>1,517,267</u>	<u>1,517,267</u>	<u>1,517,261</u>	<u>6</u>
Total Debt Service*	<u>2,886,239</u>	<u>2,886,239</u>	<u>2,926,233</u>	<u>(39,994)</u>
Total Expenditures	<u>2,887,989</u>	<u>2,887,989</u>	<u>2,927,954</u>	<u>(39,965)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(159,989)	(159,989)	(256,600)	(96,611)
Other Financing Sources (Uses)				
Transfers In	<u>148,630</u>	<u>148,630</u>	<u>148,630</u>	<u>-</u>
Net Change in Fund Balance	(11,359)	(11,359)	(107,970)	(96,611)
Fund Balance				
Beginning of Year	<u>43,000</u>	<u>43,000</u>	<u>95,688</u>	<u>52,688</u>
End of Year	<u>\$ 31,641</u>	<u>\$ 31,641</u>	<u>\$ (12,282)</u>	<u>\$ (43,923)</u>

* Legally adopted appropriation level

NONMAJOR GOVERNMENTAL FUNDS

The District's Nonmajor Governmental Funds are as follows:

Capital Projects Fund – this fund accounts for major capital outlay expenditures related to the acquisition, construction, and remodeling of capital facilities of the District. Principal financing sources are proceeds from the sale of general obligation bonds, proceeds from the sale of District buildings and property, earnings on investments.

Permanent Fund – this fund accounts for the endowment to assist in the operations of the District's swimming pool. The principal revenue source is earnings on investments.

CASCADE SCHOOL DISTRICT NO. 5
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Capital Projects Fund	Permanent Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 325,114	\$ 13,023	\$ 338,137
Restricted Cash	-	100,000	100,000
Receivables	40,834	-	40,834
Total Assets	\$ 365,948	\$ 113,023	\$ 478,971
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
FUND BALANCES			
Nonspendable	-	100,000	100,000
Restricted	346,380	13,023	359,403
Assigned	23,829	-	23,829
Unassigned	(4,261)	-	(4,261)
Total Fund Balances	365,948	113,023	478,971
Total Liabilities and Fund Balances	\$ 365,948	\$ 113,023	\$ 478,971

CASCADE SCHOOL DISTRICT NO. 5
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - NONMAJOR FUNDS
 YEAR ENDED JUNE 30, 2016

	Capital Projects Fund	Permanent Fund	Total
Revenues			
Local Sources	\$ 177,508	\$ -	\$ 177,508
Earnings on Investments	-	731	731
Total Revenues	<u>177,508</u>	<u>731</u>	<u>178,239</u>
Expenditures			
Current			
Support Services	366,826	-	366,826
Enterprise and Community Services	-	87	87
Total Expenditures	<u>366,826</u>	<u>87</u>	<u>366,913</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Net Change in Fund Balance	(189,318)	644	(188,674)
Fund Balances			
Beginning of Year	<u>555,266</u>	<u>112,379</u>	<u>667,645</u>
End of Year	<u>\$ 365,948</u>	<u>\$ 113,023</u>	<u>\$ 478,971</u>

CASCADE SCHOOL DISTRICT NO. 5
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 177,508</u>	<u>\$ (12,492)</u>
Expenditures				
Support Services *	<u>792,000</u>	<u>792,000</u>	<u>366,826</u>	<u>425,174</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Net Change in Fund Balance	(602,000)	(602,000)	(189,318)	412,682
Fund Balance				
Beginning of Year	<u>602,000</u>	<u>602,000</u>	<u>555,266</u>	<u>(46,734)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,948</u>	<u>\$ 365,948</u>

* Legally adopted appropriation level

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - PERMANENT FUND
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
Revenues				
Revenues from Local Sources				
Earnings on Investments	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 731</u>	<u>\$ (69)</u>
Expenditures				
Enterprise and Community Services *	<u>2,800</u>	<u>2,800</u>	<u>87</u>	<u>2,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>644</u>	<u>2,644</u>
Other Financing Sources (Uses)				
Other (Uses)	<u>(11,500)</u>	<u>(11,500)</u>	<u>-</u>	<u>11,500</u>
Net Change in Fund Balance	<u>(13,500)</u>	<u>(13,500)</u>	<u>644</u>	<u>14,144</u>
Fund Balance				
Beginning of Year	<u>113,500</u>	<u>113,500</u>	<u>112,379</u>	<u>(1,121)</u>
End of Year	<u><u>\$ 100,000</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 113,023</u></u>	<u><u>\$ 13,023</u></u>

* Legally adopted appropriation level

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OTHER FINANCIAL SCHEDULES

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2016

Tax Roll Year	Beginning Balance and 2015-2016 Levy	Less Discounts	Net Adjustments	Add Interest	Collections	Balance June 30, 2016
2015-2016	\$ 6,148,000	\$ (161,680)	\$ (4,619)	\$ 2,089	\$ 5,832,505	\$ 149,196
2014-2015	154,772	175	(6,615)	6,028	80,886	67,446
2013-2014	74,810	143	(5,190)	6,575	30,255	39,508
2012-2013	46,308	156	(5,520)	9,236	25,514	15,430
2011-2012	17,723	145	(5,110)	4,538	7,626	5,132
and prior	21,705	139	(5,391)	3,598	1,141	15,312
	<u>\$ 6,463,318</u>	<u>\$ (160,922)</u>	<u>\$ (32,445)</u>	<u>\$ 32,064</u>	<u>\$ 5,977,927</u>	<u>\$ 292,024</u>

SUPPLEMENTAL INFORMATION, 2015-2016

School District Business Managers and Auditors:

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

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

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 410,511
Function 2550	\$0

B. Replacement of Equipment – **General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

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

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$0

**2015 - 16 DISTRICT AUDIT REVENUE SUMMARY
CASCADE SCHOOL DISTRICT #5**

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600	Fund 700
Revenue from Local Sources						
1110 Ad Valorem Taxes Levied by District	\$4,621,408	\$0	\$1,386,284	\$0	\$0	\$0
1120 Local Option Ad Valorem Taxes Levied by District	\$0	\$0	\$0	\$0	\$0	\$0
1130 Construction Excise Tax	\$0	\$0	\$0	\$101,956	\$0	\$0
1190 Penalties and Interest on Taxes	\$0	\$0	\$0	\$0	\$0	\$0
1200 Revenue from Local Governmental Units Other Than Districts	\$0	\$0	\$0	\$0	\$0	\$0
1311 Regular Day School Tuition - From Individuals	\$0	\$0	\$0	\$0	\$0	\$0
1312 Regular Day School Tuition - Other Dist Within State	\$14,674	\$0	\$0	\$0	\$0	\$0
1313 Regular Day School Tuition - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0
1320 Adult/Continuing Education Tuition	\$0	\$0	\$0	\$0	\$0	\$0
1330 Summer School Tuition	\$0	\$0	\$0	\$0	\$0	\$0
1411 Transportation Fees - From Individuals	\$263	\$0	\$0	\$0	\$0	\$0
1412 Transportation Fees - Other Dist Within State	\$0	\$0	\$0	\$0	\$0	\$0
1413 Transportation Fees - Other Districts Outside	\$0	\$0	\$0	\$0	\$0	\$0
1420 Summer School Transportation Fees	\$0	\$0	\$0	\$0	\$0	\$0
1500 Earnings on Investments	\$59,973	\$274	\$4,775	\$0	\$0	\$731
1600 Food Service	\$0	\$235,760	\$0	\$0	\$0	\$0
1700 Extracurricular Activities	\$92,665	\$628,694	\$0	\$0	\$0	\$0
1800 Community Services Activities	\$0	\$0	\$0	\$0	\$0	\$0
1910 Rentals	\$84,000	\$7,450	\$0	\$42,490	\$0	\$0
1920 Contributions and Donations From Private Sources	\$0	\$66,155	\$0	\$0	\$0	\$0
1930 Rental or Lease Payments From Private Contractors	\$0	\$0	\$0	\$0	\$0	\$0
1940 Services Provided Other Local Education Agencies	\$0	\$0	\$0	\$0	\$0	\$0
1950 Textbook Sales and Rentals	\$0	\$0	\$0	\$0	\$0	\$0
1960 Recovery of Prior Years' Expenditure	\$0	\$0	\$0	\$0	\$0	\$0
1970 Services Provided Other Funds	\$0	\$5,530	\$1,280,295	\$0	\$0	\$0
1980 Fees Charged to Grants	\$0	\$0	\$0	\$0	\$0	\$0
1990 Miscellaneous	\$64,202	\$100,693	\$0	\$33,063	\$0	\$0
Total Revenue from Local Sources	\$4,937,185	\$1,044,556	\$2,671,354	\$177,508	\$0	\$731
Revenue from Intermediate Sources						
2101 County School Funds	\$8,161	\$0	\$0	\$0	\$0	\$0
2102 General ESD Revenue	\$425,991	\$0	\$0	\$0	\$0	\$0
2103 Excess ESD Local Revenue	\$0	\$0	\$0	\$0	\$0	\$0
2105 Natural Gas, Oil, and Mineral Receipts	\$0	\$0	\$0	\$0	\$0	\$0
2110 Intermediate "I" Tax	\$0	\$0	\$0	\$0	\$0	\$0
2199 Other Intermediate Sources	\$0	\$0	\$0	\$0	\$0	\$0
2200 Restricted Revenue	\$0	\$0	\$0	\$0	\$0	\$0
2800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0
2900 Revenue for/on Behalf of the District	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue from Intermediate Sources	\$434,152	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources						
3101 State School Fund - General Support	\$14,898,132	\$0	\$0	\$0	\$0	\$0
3102 State School Fund - School Lunch Match	\$0	\$8,910	\$0	\$0	\$0	\$0
3103 Common School Fund	\$213,893	\$0	\$0	\$0	\$0	\$0
3104 State Managed County Timber	\$0	\$0	\$0	\$0	\$0	\$0
3106 State School Fund - Accrual	\$0	\$0	\$0	\$0	\$0	\$0
3199 Other Unrestricted Grants-in-Aid	\$138,802	\$0	\$0	\$0	\$0	\$0
3204 Driver Education	\$0	\$0	\$0	\$0	\$0	\$0
3222 State School Fund (SSF) Transportation Equipment	\$0	\$0	\$0	\$0	\$0	\$0
3299 Other Restricted Grants-in-Aid	\$37,400	\$99,528	\$0	\$0	\$0	\$0
3800 Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0
3900 Revenue for/on Behalf of the District	\$0	\$20,000	\$0	\$0	\$0	\$0
Total Revenue from State Sources	\$15,288,227	\$128,438	\$0	\$0	\$0	\$0
Revenue from Federal Sources						
4100 Unrestricted Revenue Direct From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0
4200 Unrestricted Revenue From the Federal Government Through the State	\$0	\$0	\$0	\$0	\$0	\$0
4300 Restricted Revenue From the Federal Government	\$0	\$0	\$0	\$0	\$0	\$0
4500 Restricted Revenue From the Federal Government Through the State	\$0	\$1,496,120	\$0	\$0	\$0	\$0
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	\$0	\$12,126	\$0	\$0	\$0	\$0
4801 Federal Forest Fees	\$15,905	\$0	\$0	\$0	\$0	\$0
4802 Impact Aid to School Districts for Operation (PL 874)	\$0	\$0	\$0	\$0	\$0	\$0
4803 Coos Bay Wagon Road Funds	\$0	\$0	\$0	\$0	\$0	\$0
4899 Other Revenue in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0
4900 Revenue for/on Behalf of the District	\$0	\$54,704	\$0	\$0	\$0	\$0
Total Revenue from Federal Sources	\$15,905	\$1,562,950	\$0	\$0	\$0	\$0
Revenue from Other Sources						
5100 Long Term Debt Financing Sources	\$0	\$0	\$0	\$0	\$0	\$0
5200 Interfund Transfers	\$0	\$101,950	\$148,630	\$0	\$0	\$0
5300 Sale of or Compensation for Loss of Fixed Assets	\$149,095	\$0	\$0	\$0	\$0	\$0
5400 Resources - Beginning Fund Balance	\$1,308,643	\$895,814	\$95,687	\$555,265	\$0	\$112,379
Total Revenue from Other Sources	\$1,457,739	\$997,764	\$244,317	\$555,265	\$0	\$112,379
Grand Totals	\$22,133,209	\$3,733,708	\$2,915,671	\$732,774	\$0	\$113,111

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
CASCADE SCHOOL DISTRICT #5**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$3,891,023	\$2,248,777	\$1,317,524	\$15,526	\$309,176	\$0	\$20	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$2,066,950	\$1,284,046	\$733,615	\$17,094	\$30,531	\$0	\$1,663	\$0
1122 Middle/Junior High School Extracurricular	\$105,664	\$65,496	\$18,130	\$8,406	\$10,303	\$0	\$3,329	\$0
1131 High School Programs	\$2,799,765	\$1,732,916	\$1,000,093	\$10,423	\$55,240	\$0	\$1,093	\$0
1132 High School Extracurricular	\$426,307	\$267,125	\$85,196	\$53,936	\$15,286	\$0	\$4,764	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$22,152	\$15,437	\$6,715	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$1,322,182	\$752,337	\$503,626	\$58,994	\$7,225	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$726,366	\$438,600	\$266,894	\$5,572	\$15,300	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$225,892	\$137,951	\$83,634	\$4,229	\$79	\$0	\$0	\$0
1291 English Second Language Programs	\$301,742	\$189,779	\$101,111	\$668	\$10,184	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$25,266	\$19,633	\$4,161	\$0	\$1,118	\$0	\$354	\$0
Total Instruction Expenditures	\$11,913,310	\$7,152,097	\$4,120,699	\$174,848	\$454,442	\$0	\$11,223	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$82,363	\$54,009	\$28,354	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$595,860	\$367,085	\$221,810	\$529	\$5,611	\$0	\$825	\$0
2130 Health Services	\$33,708	\$25,320	\$6,081	\$889	\$1,419	\$0	\$0	\$0
2140 Psychological Services	\$92,556	\$60,975	\$28,843	\$260	\$2,478	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$241,311	\$152,769	\$86,917	\$177	\$1,448	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$419,397	\$233,394	\$124,994	\$49,828	\$10,057	\$0	\$1,125	\$0
2210 Improvement of Instruction Services	\$227,251	\$149,381	\$70,998	\$2,056	\$4,222	\$0	\$595	\$0
2220 Educational Media Services	\$313,924	\$175,741	\$113,982	\$0	\$23,883	\$0	\$319	\$0
2230 Assessment & Testing	\$38,936	\$30,089	\$8,437	\$0	\$410	\$0	\$0	\$0
2240 Instructional Staff Development	\$4,509	\$3,755	\$755	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$77,980	\$0	\$0	\$49,652	\$5,314	\$0	\$23,014	\$0
2320 Executive Administration Services	\$307,583	\$176,038	\$120,574	\$7,572	\$2,805	\$0	\$595	\$0
2410 Office of the Principal Services	\$1,448,842	\$927,881	\$496,695	\$13,769	\$8,793	\$0	\$1,705	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$304,589	\$189,437	\$83,814	\$23,692	\$2,220	\$0	\$5,426	\$0
2540 Operation and Maintenance of Plant Services	\$2,057,351	\$434,013	\$229,597	\$1,015,756	\$160,181	\$16,262	\$201,542	\$0
2550 Student Transportation Services	\$1,365,682	\$21,037	\$9,075	\$1,260,780	\$74,790	\$0	\$0	\$0
2570 Internal Services	\$4,514	\$0	\$0	\$4,293	\$221	\$0	\$0	\$0
2610 Direction of Central Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2630 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$154,227	\$86,133	\$54,108	\$1,857	\$10,685	\$0	\$1,445	\$0
2660 Technology Services	\$393,834	\$176,465	\$90,458	\$72,482	\$51,457	\$0	\$2,972	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$52,702	\$27,413	\$25,288	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$8,217,119	\$3,290,933	\$1,800,778	\$2,503,592	\$365,991	\$16,262	\$239,564	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$250,580	\$0	\$0	\$0	\$0	\$0	\$0	\$250,580
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$250,580	\$0	\$0	\$0	\$0	\$0	\$0	\$250,580
Grand Total	\$20,381,009	\$10,443,030	\$5,921,477	\$2,678,440	\$820,433	\$16,262	\$250,787	\$250,580

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
CASCADE SCHOOL DISTRICT #5**

Fund: 200 Special Revenue Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$10,075	\$4,334	\$4,441	\$62	\$1,238	\$0	\$0	\$0
1113 Elementary Extracurricular	\$47,563	\$0	\$0	\$0	\$47,563	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$87,091	\$0	\$0	\$0	\$87,091	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$479,977	\$0	\$0	\$1,478	\$478,499	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$79,155	\$40,177	\$38,978	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$170,344	\$89,849	\$80,495	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$317,650	\$202,274	\$106,234	\$1,129	\$8,014	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$9,809	\$4,000	\$359	\$0	\$5,450	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$12,126	\$6,496	\$5,631	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$11,887	\$1,567	\$229	\$4,730	\$5,361	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$966	\$759	\$207	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$1,226,643	\$349,457	\$236,573	\$7,399	\$633,214	\$0	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$31,401	\$25,320	\$6,081	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$84,631	\$47,508	\$37,123	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$141,917	\$78,834	\$37,053	\$22,312	\$3,719	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$22,520	\$2,045	\$453	\$19,426	\$0	\$0	\$595	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$308	\$0	\$0	\$0	\$0	\$0	\$308	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$73,651	\$49,403	\$22,655	\$1,593	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$118,191	\$0	\$0	\$40,013	\$6,328	\$71,850	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$33,359	\$0	\$0	\$31,678	\$1,681	\$0	\$0	\$0
2660 Technology Services	\$45,340	\$0	\$0	\$0	\$45,340	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$551,317	\$203,110	\$103,365	\$115,022	\$57,067	\$71,850	\$903	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$989,369	\$275,499	\$210,450	\$8,231	\$492,037	\$0	\$3,152	\$0
3200 Other Enterprise Services	\$63,646	\$43,122	\$5,123	\$8,547	\$6,180	\$0	\$674	\$0
3300 Community Services	\$10,011	\$6,187	\$1,044	\$1,000	\$1,737	\$0	\$43	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$1,063,026	\$324,808	\$216,617	\$17,778	\$499,954	\$0	\$3,869	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$2,840,986	\$877,375	\$556,555	\$140,199	\$1,190,236	\$71,850	\$4,772	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
CASCADE SCHOOL DISTRICT #5**

Fund: 300 Debt Service Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$20	\$0	\$0	\$0	\$0	\$0	\$20	\$0
2540 Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$1,701	\$0	\$0	\$0	\$0	\$0	\$1,701	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$1,721	\$0	\$0	\$0	\$0	\$0	\$1,721	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$2,926,232	\$0	\$0	\$0	\$0	\$0	\$2,926,232	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$2,926,232	\$0	\$0	\$0	\$0	\$0	\$2,926,232	\$0
Grand Total	\$2,927,953	\$0	\$0	\$0	\$0	\$0	\$2,927,953	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
CASCADE SCHOOL DISTRICT #5**

Fund: 400 Capital Projects Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$366,826	\$0	\$0	\$213,822	\$21,157	\$131,846	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$366,826	\$0	\$0	\$213,822	\$21,157	\$131,846	\$0	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$366,826	\$0	\$0	\$213,822	\$21,157	\$131,846	\$0	\$0

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY
CASCADE SCHOOL DISTRICT #5**

Fund: 700 Trust and Agency Funds

Instruction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
1111 Elementary, K-5 or K-6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1113 Elementary Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1121 Middle/Junior High Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1122 Middle/Junior High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1131 High School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1132 High School Extracurricular	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1140 Pre-Kindergarten Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1210 Programs for the Talented and Gifted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1220 Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1250 Less Restrictive Programs for Students with Disabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1260 Treatment and Habilitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1271 Remediation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1272 Title I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1280 Alternative Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1291 English Second Language Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1292 Teen Parent Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1293 Migrant Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1294 Youth Corrections Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1299 Other Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1300 Adult/Continuing Education Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1400 Summer School Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2110 Attendance and Social Work Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2120 Guidance Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2130 Health Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2140 Psychological Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2150 Speech Pathology and Audiology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2160 Other Student Treatment Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2190 Service Direction, Student Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2210 Improvement of Instruction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2220 Educational Media Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2230 Assessment & Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2240 Instructional Staff Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2310 Board of Education Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2320 Executive Administration Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2410 Office of the Principal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2490 Other Support Services - School Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2510 Direction of Business Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2520 Fiscal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2540 Operation and Maintenance of Plant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2550 Student Transportation Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2570 Internal Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2610 Direction of Central Support Services Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2620 Information Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2640 Staff Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2660 Technology Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2670 Records Management Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2690 Other Support Services - Central	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2700 Supplemental Retirement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
3100 Food Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3200 Other Enterprise Services	\$87	\$0	\$0	\$0	\$0	\$0	\$87	\$0
3300 Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3500 Custody and Care of Children Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Enterprise and Community Services Expenditures	\$87	\$0	\$0	\$0	\$0	\$0	\$87	\$0
Facilities Acquisition and Construction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
4110 Service Area Direction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4120 Site Acquisition and Development Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4180 Other Capital Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5200 Transfers of Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5300 Apportionment of Funds by ESD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5400 PERS UAL Bond Lump Sum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$87	\$0	\$0	\$0	\$0	\$0	\$87	\$0

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AUDIT COMMENTS AND
DISCLOSURES REQUIRED
BY STATE REGULATIONS

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INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of Cascade School District No. 5 (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 29, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

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 for the following:

1. Budgets: expenditures exceeded appropriations in the Instruction function of the General Fund by \$47,118 and the Debt Service function in the Debt Service fund by \$39,994 as disclosed in the notes to the financial statements.
2. Public Contracts and Purchasing: the district did not consistently obtain the required quotes for intermediate procurements as required by ORS 279B.070.

OAR 162-10-0230 Internal Control

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



Our consideration of internal control was for the limited purpose described in the preceding paragraph 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, as discussed below we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-01, 2016-02, and 2016-03 to be a significant deficiency.

Purpose of this Report

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.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 29, 2016

GRANT COMPLIANCE SECTION

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To the School Board
Cascade School District No. 5
Turner, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cascade School District No. 5 (District), as of and for the year ended June 30, 2016, 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 29, 2016.

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 preceding paragraph 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2016-01. 2016-02 and 2016-03



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*.

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.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 29, 2016



To the School Board
Cascade School District No. 5
Turner, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Cascade School District No. 5's (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



Other Matters

The result of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-04 and 2016-05. 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 the District 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2016-04 and 2016-05 that we consider to be material weaknesses.

The District's response to the internal control over compliance findings identified in our schedule 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.



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

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 29, 2016

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/ Program Title	Grant Period	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
U.S. Department of Education				
Passed through the Oregon State Department of Education:				
Title I Grant to LEAs	07/01/2014 - 09/30/2015	84.010	32544	\$ 11,860
	07/01/2015 - 09/30/2016	84.010	35935	358,813
	07/01/2015 - 09/30/2016	84.010	37528	42,042
	07/01/2014 - 09/30/2015	84.010	34986	710
	07/01/2014 - 09/30/2015	84.010	34260	9,979
Subtotal Title I Grants to LEAs				<u>423,404</u>
Passed through the Willamette Education Service District:				
Title I-C Migrant Education	07/01/2015 - 09/30/2016	84.011	N/A	12,126
Subtotal Improving Teacher Quality State Grants				<u>12,126</u>
Passed through the Oregon State Department of Education:				
Special Education Cluster				
IDEA Special Education Grants to States	07/01/2015 - 09/30/2016	84.027	36819	365,683
Subtotal IDEA Special Education Grants to States				<u>365,683</u>
IDEA Enhancement	07/01/2014 - 09/30/2015	84.027	33654	1,407
	07/01/2015 - 09/30/2016	84.027	38279	1,863
Subtotal IDEA Enhancement				<u>3,270</u>
SPR&I (System Performance Review and Enhancement)	07/01/2015 - 09/30/2016	84.027	37809	2,703
Subtotal SPR&I				<u>2,703</u>
IDEA Extended Assessment	07/01/2015 - 09/30/2016	84.027	35735	564
Subtotal IDEA Extended Assessment				<u>564</u>
IDEA Part B, Section 619	07/01/2014 - 09/30/2015	84.173	37134	2,940
Subtotal IDEA Part B, Section 619				<u>2,940</u>
Total Special Education Cluster				<u>375,160</u>
Title III English Language Acquisition	07/01/2014 - 09/30/2015	84.365	36309	6,467
	07/01/2015 - 09/30/2016	84.365	36309	9,505
Subtotal Title III English Language Acquisition				<u>15,972</u>
Title II-A Improving Teacher Quality State Grants	07/01/2014 - 09/30/2015	84.367	32868	4,951
	07/01/2015 - 09/30/2016	84.367	36132	76,881
Subtotal Title II-A Improving Teacher Quality State Grants				<u>81,832</u>
Total U.S. Department of Education				<u>908,494</u>
U.S. Department of Agriculture				
Passed through the Oregon State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	07/01/2015 - 06/30/2016	10.553	N/A	161,480
Subtotal School Breakfast Program				<u>161,480</u>
National School Lunch Program	07/01/2015 - 06/30/2016	10.555	N/A	431,186
National School Lunch Program - Commodities	07/01/2015 - 06/30/2016	10.555	N/A	52,001
Subtotal National School Lunch Program				<u>483,187</u>
Summer Food Service Program	07/01/2015 - 06/30/2016	10.559	N/A	9,789
Subtotal Summer Food Service Program				<u>9,789</u>
Total Child Nutrition Cluster				<u>654,456</u>
Passed through Marion County:				
Federal Forest Fees				15,905
Total U.S. Department of Agriculture				<u>670,361</u>
Total Federal Awards				<u>\$ 1,578,855</u>

CASCADE SCHOOL DISTRICT NO. 5
NOTES RELATIVE TO SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cascade School District No. 5 (District) programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. Summary of Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance due to the fact that the District has a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.

4. Subrecipients

The District had no subrecipients.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

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?	Yes	No ✓
Significant deficiency(ies) identified that are not considered to be material weakness(es)	Yes ✓	No
Noncompliance material to financial statements noted?	Yes	No ✓

Federal Awards:

Internal control over major programs:		
Material weakness(es) identified?	Yes ✓	No
Significant deficiency(s) identified not considered to be material weakness(es)?	Yes	None reported ✓
Type of auditor's report issued on compliance for major programs?	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 516(a)?	Yes ✓	No

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF PROGRAM OR CLUSTER</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title 1A
Dollar threshold used to distinguish between type A and B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes ✓ No

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS – FINANCIAL STATEMENT FINDINGS

Significant Deficiency

Finding 2016-01: 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 non-attest 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 knowledge, skill, and experience to accept responsibility for the financial statements.

Cause: Management has performed a cost-benefit analysis and determined it is most efficient to have the auditor 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.

Context: This finding relates only to the preparation of the financial statements and the associated internal controls.

Repeat Finding: In the prior year, this finding was identified as number 2015-2.

Recommendation: We recommend, on an annual basis, that the District evaluate the cost-benefit and potential negative effects of the auditor preparing the financial statements.

View of Responsible Officials: Management agrees with the finding and has determined it is not cost effective to correct this deficiency in internal controls.

Finding 2016-02: Adjusting Journal Entries

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

Condition: Adjusting journal entries were posted to the District financial records, however, no evidence existed of a supervisory review and approval for some of the entries. The District made improvements to the internal controls over journal entries from the previous year.

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.

Context: Journal entries may affect any area of the District's financial records, therefore this is a systemic problem with internal controls.

Repeat Finding: In the prior year, this finding was identified as number 2015-3.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Recommendation: We recommend the District develop a process by which appropriate documentation will be kept to support journal entries and that all journal entries be approved prior to posting them to the District's financial records.

View of Responsible Officials: Management agrees with this finding. The District implemented most of the recommendation from previous year's finding however reversing entries were missed as part of this implementation. The District will add reversing entries to this.

Finding 2016-03: Account Reconciliations and Financial Closing

Criteria: A process should exist by which all material financial statement accounts are reconciled in advance of the financial close and preparation of the financial statements.

Condition: Numerous accounts required reconciliation and adjustment during the audit process.

Cause: Management does not perform adequate account reconciliation as part of the financial closing process.

Effect: Accounts could be misstated due to mistakes or fraud.

Context: The financial close encompasses all District accounts, therefore this is a systemic problem.

Recommendation: We recommend the District develop and implement a process by which appropriate account reconciliations are performed during the financial close.

View of Responsible Officials: Management agrees with this finding, and will implement a process by which appropriate account reconciliation occur during the financial closing process.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Material Weakness

Finding 2016-04

Federal Program: CFDA 84.010 Title I Grants to LEAs

Federal Agencies: Department of Education

Pass Through Entity: Oregon Department of Education

Criteria: The District is funded on a reimbursement basis, program costs must be paid by the entity before reimbursements are requested from the pass through entity or the federal government. In addition, the District is required to maintain proper expenditure support for reimbursements.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Condition: For the fiscal year 2015-16, reimbursement requests were based on estimated expenditures and were not supported by actual expenditures.

Cause: For the fiscal year 2015-16, the District did not design and implement a process for submitting reimbursement requests.

Effect: The District improperly claimed reimbursements in excess of allowable expenditures.

Questioned Costs: None

Context: Required proper expenditure support for reimbursements was not maintained. This is a systemic problem.

Recommendation: We recommend the District to develop a process for submitting reimbursement requests that is done regularly and includes maintaining proper expenditure support.

View of Responsible Officials: The District is aware of these requirements, and has implemented a process for reimbursement requests that includes maintaining proper expenditure support, and ensuring that expenditures have occurred prior to completing the request.

Material Weakness

Finding 2016-04

Federal Program: CFDA 10.553, 10.555, 10.559 Child Nutrition Cluster

Federal Agencies: Department of Agriculture

Pass Through Entity: Oregon Department of Education

Criteria: The District is required to submit a Verification Collection Report of free and reduced meals under special tests and provisions.

Condition: District personnel improperly calculated family eligibility from the income verification documentation. Adequate monitoring was not provided over personnel determining eligibility for free and reduced meals.

Cause: The District did not review the Verification Collection Report in detail to ensure proper completion of the verification process.

Effect: The verification process incorrectly identified one application free instead of paid and another as reduced instead of free.

Questioned Costs: None

Context: One individual was allowed to perform the verification process without adequate supervision and review. This is a systemic problem.

CASCADE SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Repeat Finding: In the prior year, this finding was identified as number 2015-4.

Recommendation: We recommend for the District to implement a system of internal controls which includes a review of the Verification Collection Report process prior to submission to the ODE to prevent such errors from occurring.

View of Responsible Officials: Management agrees with the finding, acknowledges that it was not corrected in response to the prior year finding, and is aware of these requirements. The District is working on implementing a review process over the Verification Collection Report requirement.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Finding 2015-1

Audit Finding: The District did not have written procedures for all accounting practices of the District. The student body activity did not have written procedures.

Corrective Action Plan: The District implemented written procedures for the student body activity.

Finding 2015-5

Audit Finding: The district did not maintain the appropriate time and effort documentation.

Corrective Action Plan: The District implemented a process by which it maintained adequate time and effort documentation.