

**DALLAS SCHOOL DISTRICT
POLK, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015



12700 SW 72nd Ave.
Tigard, OR 97223

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

BOARD OF DIRECTORS 2014-15

Michael Bollman, Chair	June 30, 2015
Mike Blanchard	June 30, 2017
Jon Woods	June 30, 2017
LuAnn Meyer	June 30, 2017
Matt Posey	June 30, 2015

ADMINISTRATION

Dennis Engle, Interim Superintendent
Tami Montague, Director of Fiscal Services

Board members receive mail at the District address listed below.

Dallas School District
111 SW Ash Street
Dallas, Oregon 97338

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

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December 8, 2015

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Dallas School District
Polk County, Oregon**

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, (the District), as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 68, *Accounting and Reporting for Pensions*, as well as provisions of GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 8, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 8, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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DALLAS SCHOOL DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Dallas School District No. 2, Dallas, Oregon, we offer readers this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements, which follow this MD&A.

FINANCIAL HIGHLIGHTS

- At June 30, 2015, the District's total fund balances equaled \$12,232,740.
- The General Fund ending balance of \$2,783,985 includes \$791,554 in the Facilities Repairs and Maintenance fund, while \$1,992,431(7% of general fund revenues) is available for general operations.
- The District has \$19,435,617 invested in capital assets, net of depreciation.

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, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District 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 major funds, the general fund and the debt service fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial 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 better off or worse off financially as a result of the year's activities." The Statement of Net Assets and Statement of Activities report information on the District as a whole and its activities in a way that helps answer this question. We prepared these statements to include all assets and liabilities, using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets, what it owes (liabilities), and the net difference between the two reported as net position. Capital assets and long-term liabilities are shown in the Statement of Net Assets. Over time increases or decreases in net position may serve as a useful indication of whether the District's financial position is improving or deteriorating.

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. This statement presents information showing how the District's net position changed during the most recent fiscal year.

FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as 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 readily be 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 Assets and the Statement of Activities) and governmental funds in reconciliations following the governmental funds 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

Statement of Net Position: Total assets, liabilities and net assets as of June 30, 2014 and June 30, 2015 are as follows (details on page 4):

	2014	2015	Difference	%
Assets				
Current and other assets	\$ 4,509,595	\$ 14,139,628	\$ 9,630,033	68.1%
Net Pension Asset (GASB 68)		5,706,465	5,706,465	100.0%
Capital assets (net)	18,835,916	19,435,617	599,701	3.1%
Total assets	23,345,511	39,281,710	15,936,199	40.6%
Liabilities				
Other liabilities	4,153,164	4,142,411	(10,753)	-0.3%
Long-term liabilities	2,290,000	9,696,340	7,406,340	76.4%
Total liabilities	6,443,164	13,838,751	7,395,587	53.4%
Net Pension Related Deferrals		7,707,294	7,707,294	100.0%
Net Position				
Investment in capital assets, net of related debt	12,170,916	7,449,277	(4,721,639)	-63.4%
Net assets: restricted	727,266	9,433,045	8,705,779	92.3%
Net assets: unrestricted	4,004,165	853,343	(3,150,822)	-369.2%
Total net position	\$ 16,902,347	\$ 17,735,665	\$ 833,318	4.7%

Statement of Activities: The district's revenues and expenses for fiscal year 2014-2015, as compared to fiscal year 2013-2014 are as follows (details on page 5):

	2014	2015	Difference	%
Revenues				
Charges for Services	\$ 392,214	\$ 348,467	\$ (43,747)	-12.6%
Operating Grants	2,645,028	2,691,730	46,702	1.7%
General Revenues				
Property Taxes	7,673,606	8,186,629	513,023	6.3%
State Revenue Sharing	19,361,001	20,815,235	1,454,234	7.0%
Miscellaneous	2,071,398	1,863,874	(207,524)	-11.1%
Total Revenues	\$ 32,143,247	\$ 33,905,935	\$ 1,762,688	5.2%
Expenses				
Instruction	18,752,417	14,268,713	\$ (4,483,704)	-31.4%
Support Services	11,092,789	8,003,234	(3,089,555)	-38.6%
Community Services	940,702	703,670	(237,032)	-33.7%
Depreciation			-	
Interest on Long-Term Debt	61,936	41,731	(20,205)	-48.4%
Total Expenses	\$ 30,847,844	\$ 23,017,348	\$ (7,830,496)	-34.0%
Change in Net Position	1,295,404	10,887,587	9,592,183	88.1%
Beginning Net Position	15,606,943	6,848,078	(8,758,865)	-127.9%
Ending Net Position	\$ 16,902,347	\$ 17,735,665	\$ 833,318	4.7%

The district's cash position remains steady. Cash and cash equivalents increased to \$13,119,238 primarily due to voter approved bond sale in April 2015. This amount is up \$9,828,136 from June 30, 2014.

Statement of Net Position: As stated earlier, net position over time may serve as a useful indicator of a government's financial position. At June 30, 2015, the district's assets exceeded liabilities by \$17,735,665. The beginning net position for the year ended June 30, 2015 does not match prior year's ending net position because GASB 68 required a restatement of beginning net position as of July 1, 2014 but did not require any restatement of prior year amounts because the information is not available and not possible to calculate.

FUND FINANCIAL ANALYSIS

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2015, total fund balance of the governmental funds was \$12,232,740. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

Summary of Ending Fund Balances for 2014 and 2015 are as follows (details on page 8):

	6/30/2014	6/30/2015
General Fund	\$ 1,729,746	\$ 2,783,985
Capital Projects Fund	0	8,683,268
Special Grants	0	5
Other Governmental Funds	361,967	313,807
Debt Service Fund	366,965	451,675
	\$ 2,458,678	\$ 12,232,740

CAPITAL ASSETS

Capital assets are those items that are valued at \$5000 and above and were valued as follows on June 30, 2014 and June 30, 2015 (details on page 18):

	6/30/2014	6/30/2015
Land and land improvements	\$ 121,067	\$ 121,067
Buildings	14,715,598	14,715,598
Equipment	5,890,936	6,005,022
Construction in Progress	9,708,760	10,591,426
Accumulated Depreciation	(11,600,445)	(11,997,496)
	\$ 18,835,916	\$ 19,435,617

At June 30, 2015 the District had \$19,435,617 invested in a broad range of capital assets, including land, buildings, and equipment. Equipment increased by \$114,806 primarily in capital maintenance and food service equipment purchases. Construction in Progress asset grew \$882,666 for roofing projects in process at Oakdale, Whitworth and the Morrison Building.

DEBT ADMINISTRATION

As of June 30, 2015 the District had \$11,896,340 in debt obligation outstanding including the district voter approved general obligation bond (Series 2010 \$8,600,000 fully maturing in 2016 and 2015 \$9,696,340 fully maturing in 2022). In the current year the District retired \$2,230,000 in general obligation debt. Please see auditor's notes to the Basic Financial Statements for debt maturity details.

The district currently maintains an “AA+“ long-term rating from Standard & Poor’s for general obligation debt due to participation in the Oregon School Bond Guarantee Program and an underlying rating of “A+”.

OTHER LONG TERM OBLIGATIONS

Beginning on page 20 of this document, the district’s participation in the Oregon PERS plan is described and associated adjustments to assets and liabilities related to the plan are reported in the government-wide analysis reports on pages 4 and 5 as required by GASB 68.

REQUESTS FOR INFORMATION

This financial report is designed to provide our stakeholders, 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 contact the Business Office at Dallas School District No. 2, 111 SW Ash St., Dallas Oregon 97338.

Respectfully submitted,

Tamira Montague,
Director of Fiscal Services

BASIC FINANCIAL STATEMENTS

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS:	
Cash and Investments	\$ 13,119,238
Receivables:	
Accounts and Grants	443,754
Property Taxes	556,229
Supplies Inventories	20,407
Net Pension Asset	5,706,465
Capital Assets - Nondepreciable	10,712,493
Capital Assets - Depreciable, Net of Depreciation	8,723,124
Total Assets	39,281,710
LIABILITIES:	
Current Liabilities:	
Accounts Payable	94,032
Accrued Salaries and Benefits	1,210,622
Unearned Revenue	152,106
Accrued Vacation Payable	44,154
Interest Payable	1,053
OPEB	350,444
Long-Term Liabilities Due within one year	2,290,000
Non Current Liabilities:	
Long-Term Liabilities Due in more than one year	9,696,340
Total Liabilities	13,838,751
DEFERRED INFLOWS OF RESOURCES:	
Net Pension Related Deferrals	7,707,294
NET POSITION:	
Net Investment in Capital Assets	7,449,277
Restricted for:	
Capital Projects	8,683,268
Student Activity	298,102
Debt Service	451,675
Unrestricted	853,343
Total Net Position	\$ 17,735,665

See accompanying notes to the basic financial statements.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

<u>Functions/Programs</u>	<u>Expense</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction	\$ 14,268,713	\$ 75,441	\$ 1,324,077	\$ (12,869,195)
Support Services	8,003,234	99,260	684,797	(7,219,177)
Community Services	703,670	173,766	682,856	152,952
Interest on Long-Term Debt	41,731	-	-	(41,731)
Total Governmental Activities	\$ 23,017,348	\$ 348,467	\$ 2,691,730	(19,977,151)
GENERAL REVENUES:				
				5,868,893
				2,317,736
				20,815,235
				1,119,728
				697,982
				45,164
				<u>30,864,738</u>
				10,887,587
				<u>6,848,078</u>
				<u>\$ 17,735,665</u>

See accompanying notes to the basic financial statements.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015**

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	CAPITAL PROJECTS FUND	DEBT SERVICE GO BOND FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash and Investments	\$ 3,707,853	\$ -	\$ 8,684,672	\$ 422,048	\$ 304,665	\$ 13,119,238
Inventory	-	-	-	-	20,407	20,407
Due from Other Funds	132,144	-	-	-	-	132,144
Receivables						
Accounts and Grants	5,399	-	-	-	5,543	10,942
Property Taxes	398,488	-	-	157,741	-	556,229
Intergovernmental Accounts	165,586	267,226	-	-	-	432,812
	<u>4,409,470</u>	<u>267,226</u>	<u>8,684,672</u>	<u>579,789</u>	<u>330,615</u>	<u>14,271,772</u>
Total Assets	<u>\$ 4,409,470</u>	<u>\$ 267,226</u>	<u>\$ 8,684,672</u>	<u>\$ 579,789</u>	<u>\$ 330,615</u>	<u>\$ 14,271,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 49,192	\$ 26,628	\$ 1,404	\$ -	\$ 16,808	\$ 94,032
Accrued Salaries and Benefits	1,210,279	343	-	-	-	1,210,622
Interest Payable	-	-	-	1,053	-	1,053
Due To Other Funds	-	132,144	-	-	-	132,144
Unearned Revenue	44,000	108,106	-	-	-	152,106
	<u>1,303,471</u>	<u>267,221</u>	<u>1,404</u>	<u>1,053</u>	<u>16,808</u>	<u>1,589,957</u>
Total Liabilities	<u>1,303,471</u>	<u>267,221</u>	<u>1,404</u>	<u>1,053</u>	<u>16,808</u>	<u>1,589,957</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	322,014	-	-	127,061	-	449,075
	<u>322,014</u>	<u>-</u>	<u>-</u>	<u>127,061</u>	<u>-</u>	<u>449,075</u>
Fund Balances (Deficit):						
Non-spendable	-	-	-	-	20,407	20,407
Restricted for:						
Capital Projects	-	-	8,683,268	-	-	8,683,268
Student Activity	-	-	-	-	298,102	298,102
Food Service	-	-	-	-	4,702	4,702
Debt Service	-	-	-	451,675	-	451,675
Assigned	-	5	-	-	-	5
Unassigned	2,783,985	-	-	-	(9,404)	2,774,581
	<u>2,783,985</u>	<u>5</u>	<u>8,683,268</u>	<u>451,675</u>	<u>313,807</u>	<u>12,232,740</u>
Total Fund Balances (Deficit)	<u>2,783,985</u>	<u>5</u>	<u>8,683,268</u>	<u>451,675</u>	<u>313,807</u>	<u>12,232,740</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,409,470</u>	<u>\$ 267,226</u>	<u>\$ 8,684,672</u>	<u>\$ 579,789</u>	<u>\$ 330,615</u>	<u>\$ 14,271,772</u>

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2015

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$	12,232,740
<p>Capital assets are not financial resources and therefore are not reported in the governmental funds.</p>		
Cost	\$	31,433,113
Accumulated Depreciation		<u>(11,997,496)</u>
		19,435,617
<p>A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.</p>		
Unavailable Revenue Related To Property Taxes.		449,075
<p>The Net Pension Asset is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>		
Net Pension Asset		5,706,465
<p>Deferred Inflows and Outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings, and contributions subsequent to the measurement date.</p>		
Net Pension Related Deferrals		(7,707,294)
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>		
Long term Liabilities:		
Accrued Vacation Payable	\$	(44,154)
Other Post Employment Benefit Obligation		(350,444)
General Obligation Bonds Payable & Flexfund Note Payable		<u>(11,986,340)</u>
		<u>(12,380,938)</u>
TOTAL NET POSITION	\$	<u>17,735,665</u>

See accompanying notes to the basic financial statements.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

	GENERAL FUND	SPECIAL GRANTS AND REVENUES FUND	CAPITAL PROJECTS	DEBT SERVICE GO BOND FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Local Sources	\$ 6,423,328	\$ 286,647	\$ 9,143	\$ 2,325,241	\$ 802,635	\$ 9,846,994
Intermediate Sources	367,350	330,632	-	-	-	697,982
State Sources	20,954,559	479,641	-	-	11,389	21,445,589
Federal Sources	7,193	1,248,552	-	-	688,958	1,944,703
Total Revenues	27,752,430	2,345,472	9,143	2,325,241	1,502,982	33,935,268
EXPENDITURES:						
Current:						
Instruction	16,674,983	1,565,449	-	-	643,151	18,883,583
Support Services	10,057,320	652,793	-	-	-	10,710,113
Community Services	-	16,280	-	-	907,991	924,271
Facilities Acquisition	-	-	104,180	-	-	104,180
Capital Outlay	36,659	44,343	882,666	-	-	963,668
Debt Service	-	-	-	2,240,531	31,200	2,271,731
Total Expenditures	26,768,962	2,278,865	986,846	2,240,531	1,582,342	33,857,546
Revenues Over (Under) Expenditures	983,468	66,607	(977,703)	84,710	(79,360)	77,722
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	9,696,340	-	-	9,696,340
Transfer In	101,971	-	-	-	31,200	133,171
Transfer Out	(31,200)	(66,602)	(35,369)	-	-	(133,171)
Total Other Financing Sources (Uses)	70,771	(66,602)	9,660,971	-	31,200	9,696,340
Net Change in Fund Balance	1,054,239	5	8,683,268	84,710	(48,160)	9,774,062
Beginning Fund Balance	1,729,746	-	-	366,965	361,967	2,458,678
Ending Fund Balance	\$ 2,783,985	\$ 5	\$ 8,683,268	\$ 451,675	\$ 313,807	\$ 12,232,740

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2015

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS \$ 9,774,062

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 capital outlays exceeded depreciation expense in the current period.

Expenditures for capital assets	\$ 996,752	
Less current year depreciation	<u>(397,051)</u>	599,701

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which proceeds exceeded repayments. (7,466,340)

The Pension Expense represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. 8,010,528

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied. (30,334)

Compensated absences are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities, these liabilities are recognized as an expenditure when earned. (30)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 10,887,587**

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

Dallas School District (the District) is a municipal corporation governed by an elected five member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities have been included in these basic financial statements.

The District was organized for the purpose of educating children residing within the boundaries of the District in assuring excellent and equitable educational opportunities and outcomes for all students. In carrying out this mission, the District provides programs and services that reflect documented educational needs and that are most cost-effectively delivered on a regional basis.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services. 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, in accordance with GASB 61.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities display information as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities. The accounts are organized and operated on the basis of funds. A fund is an independent self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

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

Financial operations are accounted for in the following major funds:

General Fund

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

Special Grants and Revenues Fund

This fund accounts for revenue and expenditures restricted for specific education projects or programs. The principal revenue source is federal grants and other local sources.

Debt Service Fund

This fund provides for the payment of principal and interest on general obligation bonded debt. The principal revenue source is property taxes.

Capital Projects Fund

This fund provides the capital construction expenditures related to the bond. The principal revenue source is bond proceeds.

Other Governmental Funds

The Other Governmental Funds account for the aggregate of all non-major governmental funds.

Special Revenue Funds Rolled Into the General Fund for GASB 54 Purposes

Basic financial statements for periods beginning after June 15, 2010 must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. The following fund is combined into the General Fund because the primary revenue source is transfers from the General Fund or there is no revenue to report.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facilities Maintenance and Repair Fund

This fund was established for the purpose of accumulating funds to pay for maintenance and repair of capital assets. It is funded by transfers from the General Fund, interest earned on investments, and facility rentals.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental funds are accounted for on a spending measurement focus. Only current assets and current liabilities are generally included in their balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position.

The government-wide basic 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund basic financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes associated with the current fiscal period, are considered to be susceptible to accrual, if received in cash by the District or a County collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available.

D. Assets, Liabilities, and Net Position

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of ninety days or less from the date of acquisition. At June 30, 2015, short-term investments consist of the local government investment pool. Investments are stated at cost, which approximates market. The local government investment pool operates in accordance with appropriate state laws and regulations.

Property Taxes

Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent and interest is assessed.

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established by management. Property taxes collected within approximately sixty days of fiscal year end are recognized as revenue. The remaining balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intergovernmental Receivables

Expenditures at June 30 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.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide basic financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital outlays that significantly extend the useful life of capital assets are capitalized.

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

Capital Assets

Land is not depreciated. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	100
Building Improvements	15-50
Vehicles	4-10
Film, Equipment and Video	5-10
Office Equipment	5
Computer Equipment	5

Compensated Absences

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is not a policy to pay any amounts when an employee separates from service. All vacation pay is accrued when incurred in the government-wide basic 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. Policy permits employees who work a twelve-month schedule and at least one-half time on either a weekly or monthly basis, and employees that work 9 months to earn vacation.

Long Term Obligations

In the government-wide basic 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 bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period and so will not be recognized as an outflow of resources (expenditure) until then. The District does not have any items that qualify for reporting in the category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which qualify for reporting in this category. The first unavailable revenue is in the governmental funds balance sheet for property taxes in the amount of \$449,075. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's statement of net position shows another Net Deferred Inflow. This amount, \$7,707,294, is equal to the difference between actuarially projected investment earnings and actual investment earnings, less contributions that the District paid to PERS during 2014-2015.

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

Net Position

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

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

Fund Balance

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

The governing body has approved the following order of spending regarding fund balance categories: restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable) and unassigned. There were no committed fund balances as of June 30, 2015.

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

- Instruction
- Support Services
- Community Services
- Facilities Acquisition and Construction
- Interfund Transactions
- Debt Service
- Operating Contingency

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the budgetary basic financial statements reflect the final budget. Expenditures were within appropriation levels

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, property taxes are recorded as revenue when received instead of when levied, OPEB and compensated absences expenses are recorded when paid instead of when incurred, inventories of supplies are expensed when purchased, pension costs are not recorded until paid, and principal payments and proceeds on long term debt are recorded as revenues when received and expenditures when paid.

4. CASH AND INVESTMENTS

Cash management policies are governed by state statutes. Statutes authorize investing in banker's acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments or amounts Due To Other Funds.

In addition, cash is separately held by some of the funds.

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 733,846
Investments	<u>\$ 12,385,392</u>
Total Cash and investments	<u>\$ 13,119,238</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$1,301,807 of which \$754,032 is covered by federal depository insurance. The remainder was covered by the collateral held in a multiple financial institutions' collateral pool administered by the Oregon State Treasurer. Oregon Revised Statutes requires deposits be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. All deposits were either FDIC insured or collateralized.

INVESTMENTS

The State Treasurer’s Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State’s investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2015.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. As of June 30, 2015 the fair value of the District’s position in the Local Government Investment Pool is 100.71% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Amounts in the State Treasurer’s Local Government Investment Pool are not required by law to be collateralized.

At year-end, Investment balances were as follows:

Investment Type	Investment Maturities (In Months)		
	Fair Value	Less Than 3	More than 3
State Treasurer's Local Government Investment Pool			
Total	\$ 12,385,392	\$ 12,385,392	\$ -
	<u>\$12,385,392</u>	<u>\$12,385,392</u>	<u>\$ -</u>

Interest Rate Risk- Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date greater than three months.

Credit Risk – Investments

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

Concentration of Credit Risk

At June 30, 2015, 100% of total investments were in the State Treasurer’s Investment Pool. State statutes do not limit the percentage of investments in this instrument. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers’ acceptances of any qualified financial institution. At June 30, 2015, investments were in compliance with all percentage restrictions.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. RECEIVABLES

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Property taxes are levied and become a lien on all taxable property as of July 1. Taxes unpaid and outstanding on May 16 are considered delinquent. No allowance for uncollectible accounts has been recorded because all receivables are considered by management to be collectible at year end.

6. CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 121,067		-	\$ 121,067
Construction in Progress	<u>\$ 9,708,760</u>	<u>\$882,666</u>	<u>-</u>	<u>\$10,591,426</u>
Total Capital Assets Not Being Depreciated	<u>\$ 9,829,827</u>	<u>\$882,666</u>	<u>-</u>	<u>\$10,712,493</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$14,715,598		-	\$14,715,598
Machinery and Equipment	<u>\$ 5,890,936</u>	<u>\$114,086</u>	<u>-</u>	<u>\$ 6,005,022</u>
Total Capital Assets Being Depreciated	<u>\$20,606,534</u>	<u>\$114,086</u>	<u>-</u>	<u>\$20,720,620</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 6,273,272	\$253,751	-	\$ 6,527,023
Machinery and Equipment	<u>\$ 5,327,173</u>	<u>\$143,300</u>	<u>-</u>	<u>\$ 5,470,473</u>
Total Accumulated Depreciation	<u>\$11,600,445</u>	<u>\$397,051</u>	<u>-</u>	<u>\$11,997,496</u>
Governmental Activities				
Capital Assets, Net	<u>\$18,835,916</u>			<u>\$19,435,617</u>

Depreciation expense was charged to functions/programs of the primary government for governmental activities as follows:

Governmental Activities	
Instruction	\$ 297,788
Support Services	79,410
Community Services	<u>19,853</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 397,051</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

General Obligation Bonds

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$8,600,000. Bonds issued in current year totaled \$9,696,340.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued in 2010 as 10 year bonds with interest plus principal approximating equal debt service payments each year. General obligation bonds currently outstanding are as follows:

Future maturities of bonds are payable as follows:

Fiscal Year Ending June 30	Principal	Interest
2016	\$ 2,290,000	\$ 20,610
2017	2,221,399	48,601
2018	2,271,890	93,110
2019	1,303,778	86,222
2020	1,307,228	127,772
2021-22	<u>2,592,045</u>	<u>397,956</u>
Total	<u>\$ 11,986,340</u>	<u>\$ 774,271</u>

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2014	Issued	Matured and Redeemed	Outstanding June 30, 2015
2010 Bond	0.90%	\$ 8,600,000	\$ 4,490,000	\$ -	\$ 2,200,000	\$ 2,290,000
2015 Bond	1.01-2.27%	\$ 9,696,340	\$ -	\$ 9,696,340	\$ -	\$ 9,696,340
Total Bonds Payable			<u>\$ 4,490,000</u>	<u>\$ -</u>	<u>\$ 2,200,000</u>	<u>\$ 11,986,340</u>

Improvement Notes

Notes were issued to provide funds for improvements to facilities at schools. The original amount of improvement notes in 2005-06 was \$250,000.

Improvement notes are direct obligations and pledge the full faith and credit of the District. These notes were issued as 5 and 10 year notes with total payment of interest and principal equal amounts each year. Improvement notes currently outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2014	Issued	Matured and Redeemed	Outstanding June 30, 2015
05-06 Notes	2.70-4.00%	\$ 250,000	\$ 30,000	-	\$ 30,000	-
Total Notes Payable			<u>\$ 30,000</u>	<u>-</u>	<u>\$ 30,000</u>	<u>-</u>

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (Continued)

Improvement Notes (Continued)

Total long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	4,490,000	9,696,340	2,200,000	11,986,340	2,290,000
Notes Payable	30,000	-	30,000	-	
Total Long-term Liabilities	<u>4,520,000</u>	<u>9,696,340</u>	<u>2,230,000</u>	<u>11,986,340</u>	<u>2,290,000</u>

8. DEFINED BENEFIT PENSION PLAN

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$2,979,578, excluding amounts to fund employer specific liabilities. In addition approximately \$807,815 in employee contributions were paid or picked up by the District in fiscal 2015.

At June 30, 2015, the District reported a net pension asset of \$5,706,465 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the District's proportion was .25 percent.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	11,011,165
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>324,293</u>	<u>-</u>
Subtotal - Amortized Deferrals (below)	<u>-</u>	<u>10,686,872</u>
District contributions subsequent to measurement date	<u>2,979,578</u>	<u>-</u>
Net deferred outflow (inflow) of resources		<u>\$ (7,707,294)</u>

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (2,682,292)
2017	(2,682,292)
2018	(2,682,292)
2019	(2,682,292)
2020	42,296
Thereafter	-
Total	<u>\$(10,686,872)</u>

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

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

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$12,084,231	\$ (5,706,465)	\$ (20,753,220)

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	<u>June 30, 2014 Measurement Date</u> <u>for all PERS Employers (in millions)</u>	
	<u>Pre-Moro</u>	<u>Post-Moro</u>
Net pension liability		
Total pension liability	\$ 63,135	\$ 68,050
Fiduciary net position	65,402	65,400
Net pension liability (asset)	<u>\$ (2,267)</u>	<u>\$ 2,650</u>

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

9. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts, and education service districts.

The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

The voters of the State of Oregon passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. PROPERTY TAX LIMITATION (CONTINUED)

Measure 50 reduced the amount of operating property tax revenues available for the 1998-99 fiscal year and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts. The ultimate impact to the District as a result of the measure has been greater reliance on state funding and less reliance on local funding.

10. RISK MANAGEMENT

There is exposure 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 for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for any of the past three fiscal years.

11. COMMITMENTS AND CONTINGENCIES

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

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

12. INTERFUND TRANSFERS & INTERFUND RECEIVABLE/PAYABLE

Amounts were comprised of the following:

	Transfers Out	Transfers In	Interfund Receivable	Interfund Payable
General Fund	\$ 31,200	\$ 101,971	\$ 132,144	\$ -
Special Revenue	66,602	-	-	132,144
Other Governmental Funds	35,369	31,200	-	-
	<u>\$ 133,171</u>	<u>\$ 133,171</u>	<u>\$ 132,144</u>	<u>\$ 132,144</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The District maintains a single employer retiree benefit plan that provides post-employment health insurance benefits to eligible employees and their spouses. The plan does not issue separate basic financial statements.

The District’s post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated 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 claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District’s implicit employer contribution.

Funding Policy – The OPEB Plan is unfunded as defined by GASB. Contributions to the Plan have been determined on a pay-as-you-go basis.

Annual Pension Cost and Net Pension Obligations – The annual early retirement explicit medical benefit plan was calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameters of GASB Statement No. 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.

Funding Status and Funding Progress – See page 28 for funding information.

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual Required Contribution	\$ 835,359	\$ 761,151	\$ 783,985
Interest on prior year Net OPEB Obligation	152,273	12,508	10,763
Adjustment to annual Required Contribution	<u>(55,449)</u>	<u>(45,412)</u>	<u>(39,077)</u>
Annual OPEB Cost	795,183	728,247	755,671
Contributions made	<u>(874,172)</u>	<u>(778,110)</u>	<u>(712,759)</u>
Increase in Net OPEB Obligation	(78,989)	(49,863)	42,912
Net OPEB Obligation at beginning of year	<u>436,384</u>	<u>357,395</u>	<u>307,532</u>
Net OPEB Obligation at end of year	<u>357,395</u>	<u>307,532</u>	<u>350,444</u>
Percentage of APC Contributed	110%	107%	94%

14. OPERATING LEASES

There are operating leases for copiers & printers. Payments for each lease range from \$67 to \$820 per month. Operating lease payments for the year ended June 30, 2015 were \$46,835. Future minimum payments are as follows:

Year Ended June 30th	<u>Amount</u>
2016	8,503
2017	5,831
2018	3,239
Total	<u>\$ 17,573</u>

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. RESTATEMENT OF BEGINNING NET POSITION

Due to the implementation of GASB 68 a restatement of the prior year net position was required. The restatement is as follows:

Net position-Beginning as previously reported	\$ 16,902,347
Proportionate share of net pension liability at prior measurement date	(12,847,195)
Net outflow/(inflows) of resources (prior year employer contributions)	<u>2,792,926</u>
Net position-Beginning as restated	<u>\$ 6,848,078</u>

REQUIRED SUPPLEMENTARY INFORMATION

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**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

June 30, 2015

Annual OPEB Cost and Net OBEB Obligation relating to Early Retirement Plan:

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2010	\$ -	\$ 6,253,191	\$ 6,253,191	-	N/A	N/A
2013	-	4,880,080	4,880,080	-	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30,	Annual OPEB Cost	Contribution Made	Percentage Contributed
2013	\$ 795,183	\$ 874,172	109.9%
2014	728,247	778,110	106.8%
2015	755,671	712,759	94.3%

The above amounts are the most current the District has obtained.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

GENERAL FUND

	<u>BUDGET</u>		Actual GENERAL FUND	FACILITY REPAIR & MAINTENANCE FUND	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>			
REVENUES:					
Local Sources	\$ 6,228,700	\$ 6,228,700	\$ 6,411,762	\$ 11,566	\$ 194,628
Intermediate Sources	373,000	373,000	367,350	-	(5,650)
State Sources	20,613,196	20,613,196	20,954,559	-	341,363
Federal Sources	3,550	3,550	7,193	-	3,643
Total Revenue	<u>27,218,446</u>	<u>27,218,446</u>	<u>27,740,864</u>	<u>11,566</u>	<u>533,984</u>
EXPENDITURES:					
Instruction	17,048,326	17,048,326 (1)	16,686,883	-	361,443
Support Services	10,132,920	10,282,920 (1)	10,065,476	16,603	200,841
Operating Contingencies	1,000,000	850,000 (1)	-	-	850,000
Total Expenditures	<u>28,181,246</u>	<u>28,181,246</u>	<u>26,752,359</u>	<u>16,603</u>	<u>1,412,284</u>
Revenues Over (Under) Expenditures	<u>(962,800)</u>	<u>(962,800)</u>	<u>988,505</u>	<u>(5,037)</u>	<u>1,946,268</u>
OTHER FINANCING SOURCES, (USES)					
Transfers In	-	-	-	101,971	101,971
Transfers Out	(37,200)	(37,200) (1)	(31,200)	-	6,000
Total Other Financing Sources, (Uses)	<u>(37,200)</u>	<u>(37,200)</u>	<u>(31,200)</u>	<u>101,971</u>	<u>107,971</u>
Net Change in Fund Balance	(1,000,000)	(1,000,000)	957,305	96,934	2,054,239
Beginning Fund Balance	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,035,126</u>	<u>694,620</u>	<u>729,746</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,992,431</u>	<u>\$ 791,554</u>	<u>\$ 2,783,985</u>

(1) Appropriation Level

(2) The General Fund and Facilities Repair and Maintenance Fund were budgeted together

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

SPECIAL GRANTS AND PROJECTS FUND

	BUDGET		ACTUAL	VARIANCE TO
	ORIGINAL	FINAL		FINAL BUDGET
				(NEGATIVE)
REVENUES:				
Local Sources	\$ 463,978	\$ 463,978	\$ 286,647	\$ (177,331)
Intermediate Sources	341,248	341,248	330,632	(10,616)
State Sources	889,127	889,127	479,641	(409,486)
Federal Sources	1,360,764	1,360,764	1,248,552	(112,212)
	\$ 3,055,117	\$ 3,055,117	\$ 2,345,472	\$ (709,645)
EXPENDITURES:				
Instruction	1,648,394	1,648,394 (1)	1,565,449	82,945
Support Services	1,210,097	1,210,097 (1)	652,793	557,304
Community Services	117,626	117,626 (1)	60,623	57,003
	2,976,117	2,976,117	2,278,865	697,252
Revenues Over (Under) Expenditures	79,000	79,000	66,607	(12,393)
OTHER FINANCING SOURCES, (USES)				
Transfers In	5,000	5,000	-	(5,000)
Transfers Out	(84,000)	(84,000) (1)	(66,602)	17,398
	(79,000)	(79,000)	(66,602)	12,398
Net Change in Fund Balance	-	-	5	5
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 5	\$ 5

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

CAPITAL PROJECTS FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 500	\$ 500	\$ 9,143	\$ 8,643
Total Revenues	<u>500</u>	<u>500</u>	<u>9,143</u>	<u>8,643</u>
EXPENDITURES:				
Construction	299,500	299,500 (1)	986,846	(687,346)
Total Expenditures	<u>299,500</u>	<u>299,500</u>	<u>986,846</u>	<u>(687,346)</u>
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(1,000)	(1,000) (1)	(35,369)	(34,369)
Debt Proceeds	-	-	9,696,340	9,696,340
Total Other Financing Sources, (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>9,660,971</u>	<u>9,661,971</u>
Net Change in Fund Balance	(300,000)	(300,000)	8,683,268	8,983,268
Beginning Fund Balance	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,683,268</u>	<u>\$ 8,683,268</u>

(1) Voter approved bonds and expenditures exempt from budget law, so not an overexpenditure of appropriations.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

DEBT SERVICE - GO BONDS FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE TO
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 2,240,550	\$ 2,240,550	\$ 2,325,241	\$ 84,691
Total Revenues	<u>2,240,550</u>	<u>2,240,550</u>	<u>2,325,241</u>	<u>84,691</u>
EXPENDITURES:				
Debt Service	2,240,550	2,240,550 (1)	2,240,531	19
Total Expenditures	<u>2,240,550</u>	<u>2,240,550</u>	<u>2,240,531</u>	<u>19</u>
Net Change in Fund Balance	-	-	84,710	84,672
Beginning Fund Balance	<u>100,000</u>	<u>100,000</u>	<u>366,965</u>	<u>266,965</u>
Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 451,675</u>	<u>\$ 351,675</u>

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) CAL's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.25 %	\$ (5,706,465)	\$ 13,294,508	(42.9) %	103.6 %
2014	0.25	12,847,195	14,230,204	90.3	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 2,979,578	\$ 2,979,578	\$ -	\$ 13,294,508	22.4 %
2014	2,792,926	2,792,926	-	14,230,204	19.6

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

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

SUPPLEMENTARY INFORMATION

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**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	<u>STUDENT ACTIVITY</u>	<u>FOOD SERVICE</u>	<u>DEBT SERVICE OTHER</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
ASSETS:				
Cash and Investments	\$ 298,102	\$ 6,563	\$ -	\$ 304,665
Inventory	-	20,407	-	20,407
Receivables:				
Accounts and Grants	-	5,543	-	5,543
Total Assets	\$ 298,102	\$ 32,513	\$ -	\$ 330,615
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ -	\$ 16,808	\$ -	\$ 16,808
Total Liabilities	-	16,808	-	16,808
Fund Balances:				
Nonspendable	-	20,407	-	20,407
Restricted	298,102	-	-	298,102
Unassigned	-	(4,702)	-	(4,702)
Total Fund Balances	298,102	15,705	-	313,807
Total Liabilities and Fund Balances	\$ 298,102	\$ 32,513	\$ -	\$ 330,615

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BUDGETARY (NON-GAAP) BASIS
ALL OTHER GOVERNMENTAL
For the Year Ended June 30, 2015**

REVENUES:	<u>STUDENT ACTIVITY</u>	<u>FOOD SERVICE</u>	<u>DEBT SERVICE OTHER</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
Local Sources	\$ 622,951	\$ 179,684	\$ -	\$ 802,635
State Sources	-	11,389	-	11,389
Federal Sources	-	688,958	-	688,958
Total Revenues	<u>622,951</u>	<u>880,031</u>	<u>-</u>	<u>1,502,982</u>
EXPENDITURES:				
Instruction	643,151	-	-	643,151
Community Services	-	907,991	-	907,991
Debt Service	-	-	31,200	31,200
Total Expenditures	<u>643,151</u>	<u>907,991</u>	<u>31,200</u>	<u>1,582,342</u>
OTHER FINANCING SOURCES:				
Transfers In	-	-	31,200	31,200
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>31,200</u>	<u>31,200</u>
Net Change in Fund Balance	(20,200)	(27,960)	-	(48,160)
Beginning Fund Balance	<u>318,302</u>	<u>43,665</u>	<u>-</u>	<u>361,967</u>
Ending Fund Balance	<u>\$ 298,102</u>	<u>\$ 15,705</u>	<u>\$ -</u>	<u>\$ 313,807</u>

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

STUDENT ACTIVITY FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 950,000	\$ 950,000	\$ 622,951	\$ (327,049)
Total Revenue	<u>950,000</u>	<u>950,000</u>	<u>622,951</u>	<u>(327,049)</u>
EXPENDITURES:				
Instruction	<u>1,100,000</u>	<u>1,100,000 (1)</u>	<u>643,151</u>	<u>456,849</u>
Total Expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>643,151</u>	<u>456,849</u>
Net Change in Fund Balance	(150,000)	(150,000)	(20,200)	129,800
Beginning Fund Balance	<u>250,000</u>	<u>250,000</u>	<u>318,302</u>	<u>68,302</u>
Ending Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 298,102</u>	<u>\$ 198,102</u>

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

FOOD SERVICE FUND

	BUDGET			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Local Sources:	\$ 204,787	\$ 204,787	\$ 179,684	\$ (25,103)
State Sources	61,604	61,604	11,389 (2)	(50,215)
Federal Sources	722,000	722,000	688,958	(33,042)
Total Revenue	988,391	988,391	880,031	(108,360)
EXPENDITURES:				
Community Services	967,410	967,410 (1)	907,991	59,419
Total Expenditures	967,410	967,410	907,991	59,419
Net Change in Fund Balance	20,981	20,981	(27,960)	(48,941)
Beginning Fund Balance	35,000	35,000	43,665	8,665
Ending Fund Balance	\$ 55,981	\$ 55,981	\$ 15,705	\$ (40,276)

(1) Appropriation Level

(2) This amount includes the state revenue match of \$9,740 for National School Lunch Program support.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

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

DEBT SERVICE - OTHER FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES:				
Debt Service:	\$ 31,200	\$ 31,200 (1)	\$ 31,200	\$ -
Total Expenditures	31,200	31,200	31,200	-
OTHER FINANCING SOURCES:				
Transfers In	31,200	31,200	31,200	-
Total Other Financing Sources	31,200	31,200	31,200	-
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2015

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/15
<u>GENERAL FUND:</u>						
Current:						
2014-15	\$ 5,993,616	\$ 156,199	\$ (5,929)	\$ 3,399	\$ 5,664,891	\$ 169,996
Prior Years:						
2013-14	187,221	11	(324)	8,363	103,526	91,723
2012-13	106,081	-	(159)	9,914	54,331	61,505
2011-12	76,244	-	(71)	13,864	52,687	37,350
2010-11	42,538	-	(59)	10,674	35,637	17,516
Prior Years:	26,034	-	(651)	3,151	8,136	20,398
Total Prior	438,118	11	(1,264)	45,966	254,317	228,492
Total General Fund	<u>\$ 6,431,734</u>	<u>\$ 156,210</u>	<u>\$ (7,193)</u>	<u>\$ 49,365</u>	<u>\$ 5,919,208</u>	<u>\$ 398,488</u>
RECONCILIATION TO REVENUE:						<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above						\$ 5,919,208
Accrued at 6/30/14						(95,345)
Accrued at 6/30/15						76,474
Taxes in lieu						-
Total Revenue						<u>\$ 5,900,337</u>

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2015

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS		INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/15
<u>DEBT SERVICE FUND:</u>							
Current:							
2014-15	\$ 2,353,821	\$ 61,343	\$ (2,328)	\$ 1,335	\$ 2,224,724	\$ 66,761	
Prior Years:							
2013-14	75,379	4	(195)	3,399	41,665	36,914	
2012-13	42,240	-	(63)	3,960	21,640	24,497	
2011-12	31,711	-	(30)	5,771	21,916	15,536	
2010-11	16,448	-	(28)	4,138	13,783	6,775	
Prior Years:	<u>9,218</u>	<u>-</u>	<u>(272)</u>	<u>1,091</u>	<u>2,779</u>	<u>7,258</u>	
Total Prior	<u>174,996</u>	<u>4</u>	<u>(588)</u>	<u>18,359</u>	<u>101,783</u>	<u>90,980</u>	
Total Debt Svc Fund	<u>\$ 2,528,817</u>	<u>\$ 61,347</u>	<u>\$ (2,916)</u>	<u>\$ 19,694</u>	<u>\$ 2,326,507</u>	<u>\$ 157,741</u>	

RECONCILIATION TO REVENUE:	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer Above	\$ 2,326,507
Accrued at 6/30/14	(38,360)
Accrued at 6/30/15	30,680
Taxes in lieu	1,266
Total Revenue	<u>\$ 2,320,093</u>

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OTHER FINANCIAL SCHEDULES

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**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For the Year Ended June 30, 2015**

A. Energy bills for heating - all funds:		<u>Objects 325 and 326</u>
	Function 2540	\$ 368,024
	Function 2550	-

B. Replacement of equipment - General Fund:		
Include all General Fund expenditures in Object 542, except for the following exclusions:		<u>Amount</u>
Exclude these functions:		
1113, 1122 & 11	Co-curricular activities	
1,140	Pre-kindergarten	\$ -
1,300	Continuing education	
1,400	Summer school	
	Construction	
	Pupil transportation	
	Food service	
	Community services	

2014 - 15 DISTRICT AUDIT REVENUE SUMMARY
Dallas School District

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	
Revenue from Local Sources								
1110 Ad Valorem Taxes Levied by District	\$5,899,227		\$2,317,736					
1120 Local Option Ad Valorem Taxes Levied by District								
1130 Construction Excise Tax								
1190 Penalties and Interest on Taxes	\$780							
1200 Revenue from Local Governmental Units Other Than Districts								
1311 Regular Day School Tuition - From Individuals								
1312 Regular Day School Tuition - Other Dist Within State	\$75,441							
1313 Regular Day School Tuition - Other Districts Outside								
1320 Adult/Continuing Education Tuition								
1330 Summer School Tuition								
1411 Transportation Fees - From Individuals								
1412 Transportation Fees - Other Dist Within State								
1413 Transportation Fees - Other Districts Outside								
1420 Summer School Transportation Fees								
1500 Earnings on Investments	\$28,403	\$113	\$7,505	\$9,144				
1600 Food Service		\$173,766						
1700 Extracurricular Activities	\$92,016	\$622,952						
1800 Community Services Activities		\$7,125						
1910 Rentals	\$7,244							
1920 Contributions and Donations From Private Sources	\$7,487	\$109,187						
1930 Rental or Lease Payments From Private Contractors								
1940 Services Provided Other Local Education Agencies	\$138,979							
1950 Textbook Sales and Rentals								
1960 Recovery of Prior Years' Expenditure	\$4,370							
1970 Services Provided Other Funds								
1980 Fees Charged to Grants	\$69,896							
1990 Miscellaneous	\$99,483	\$176,143						
Total Revenue from Local Sources	\$6,423,328	\$1,089,285	\$2,325,241	\$9,144	\$0	\$0	\$0	\$9,846,998
Revenue from Intermediate Sources								
2101 County School Funds	\$36,882							
2102 General ESD Revenue	\$330,468	\$330,632						
2103 Excess ESD Local Revenue								
2105 Natural Gas, Oil, and Mineral Receipts								
2110 Intermediate "I" Tax								
2199 Other Intermediate Sources								
2200 Restricted Revenue								
2800 Revenue in Lieu of Taxes								
2900 Revenue for/on Behalf of the District								
Total Revenue from Intermediate Sources	\$367,350	\$330,632	\$0	\$0	\$0	\$0	\$0	\$697,982
Revenue from State Sources								
3101 State School Fund - General Support	\$20,481,686							
3102 State School Fund - School Lunch Match		\$9,740						
3103 Common School Fund	\$323,809							
3104 State Managed County Timber								
3106 State School Fund - Accrual								
3199 Other Unrestricted Grants-in-Aid	\$138,244	\$1,649						
3204 Driver Education								
3222 State School Fund (SSF) Transportation Equipment								
3299 Other Restricted Grants-in-Aid	\$10,820	\$479,641						
3800 Revenue in Lieu of Taxes								
3900 Revenue for/on Behalf of the District								
Total Revenue from State Sources	\$20,954,559	\$491,030	\$0	\$0	\$0	\$0	\$0	\$21,445,589
Revenue from Federal Sources								
4100 Unrestricted Revenue Direct From the Federal Government								
4200 Unrestricted Revenue From the Federal Government Through the State								
4300 Restricted Revenue From the Federal Government								
4500 Restricted Revenue From the Federal Government Through the State		\$1,862,826						
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		\$9,484						
4801 Federal Forest Fees	\$319							
4802 Impact Aid to School Districts for Operation (PL 874)								
4803 Coos Bay Wagon Road Funds								
4899 Other Revenue in Lieu of Taxes	\$6,873							
4900 Revenue for/on Behalf of the District		\$65,200						
Total Revenue from Federal Sources	\$7,193	\$1,937,510	\$0	\$0	\$0	\$0	\$0	\$1,944,702
Revenue from Other Sources								
5100 Long Term Debt Financing Sources				\$9,696,340				
5200 Interfund Transfers	\$101,971		\$31,200					\$133,171
5300 Sale of or Compensation for Loss of Fixed Assets								
5400 Resources - Beginning Fund Balance	\$1,729,746	\$361,967	\$366,965					
Total Revenue from Other Sources	\$1,831,717	\$361,967	\$398,165	\$9,696,340	\$0	\$0	\$0	\$12,288,189
Grand Totals	\$29,584,147	\$4,210,424	\$2,723,406	\$9,705,483	\$0	\$0	\$0	\$46,223,460

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas

Fund: 100 General Fund + 102 Facilities

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$4,747,754	\$3,110,451	\$1,573,192	\$764	\$63,348			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$2,360,554	\$1,575,212	\$755,133	\$4,408	\$25,802			
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$2,918,014	\$1,923,084	\$960,892	\$3,630	\$29,909		\$499	
1132 High School Extracurricular	\$527,414	\$298,191	\$113,410	\$74,638	\$16,408	\$11,900	\$12,867	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$13,115	\$9,067	\$3,260		\$788			
1220 Restrictive Programs for Students with Disabilities	\$1,932,318	\$1,201,001	\$681,194	\$46,687	\$3,437			
1230 Tutoring	\$602	\$319	\$116		\$167			
1250 Less Restrictive Programs for Students with Disabilities	\$1,162,078	\$726,452	\$404,283	\$23,187	\$8,156			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$76,419	\$51,069	\$25,349					
1272 Title I	\$0	\$0	\$0					
1280 Alternative Education	\$2,665,832	\$291,718	\$174,834	\$2,106,855	\$92,425			
1291 English Second Language Programs	\$282,782	\$175,770	\$102,954	\$3,033	\$1,025			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$16,686,883	\$9,362,333	\$4,794,618	\$2,263,369	\$241,298	\$11,900	\$13,366	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$6,654			\$6,000	\$654			
2120 Guidance Services	\$486,760	\$310,906	\$166,510	\$3,725	\$5,620			
2130 Health Services	\$60,143	\$18,040	\$17,745	\$20,932	\$3,427			
2140 Psychological Services	\$205,478	\$38,207	\$10,505	\$150,049	\$6,717			
2150 Speech Pathology and Audiology Services	\$296			\$296				
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$204,454	\$131,338	\$69,167	\$2,833	\$385		\$731	
2210 Improvement of Instruction Services	\$137,418	\$97,983	\$38,280	\$126	\$512		\$518	
2220 Educational Media Services	\$523,059	\$307,362	\$186,688	\$17,196	\$11,813			
2230 Assessment & Testing	\$72,276	\$36,120	\$26,184	\$2,040	\$7,931			
2240 Instructional Staff Development	\$1,860			\$1,176	\$683			
2310 Board of Education Services	\$156,134			\$93,838	\$242		\$62,054	
2320 Executive Administration Services	\$281,696	\$184,332	\$91,261	\$4,741	\$544		\$818	
2410 Office of the Principal Services	\$1,950,981	\$1,274,270	\$643,275	\$16,370	\$8,272		\$8,794	
2490 Other Support Services - School Administration	\$20				\$20			
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$538,945	\$333,635	\$168,280	\$27,407	\$6,742		\$2,881	
2540 Operation and Maintenance of Plant Services	\$2,198,077	\$829,873	\$468,121	\$556,381	\$211,327	\$24,759	\$107,615	
2550 Student Transportation Services	\$1,433,907	\$19,153	\$9,556	\$1,382,603	\$22,595			
2570 Internal Services	\$183,137	\$47,997	\$17,156	\$84,500	\$33,484			
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$67,087	\$2,267	\$39,753	\$20,682	\$2,668		\$1,716	
2660 Technology Services	\$917,242	\$268,197	\$124,789	\$62,688	\$461,269		\$300	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$656,456	\$75	\$656,381					
Total Support Services Expenditures	\$10,082,079	\$3,899,758	\$2,733,649	\$2,453,584	\$784,903	\$24,759	\$185,426	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$31,200							\$31,200
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$31,200	\$0	\$0	\$0	\$0	\$0	\$0	\$31,200
Grand Total	\$26,800,163	\$13,262,090	\$7,528,266	\$4,716,953	\$1,026,201	\$36,659	\$198,792	\$31,200
All Funds	\$33,990,716	\$14,747,539	\$8,240,193	\$5,219,933	\$2,116,250	\$963,669	\$2,549,962	\$153,171

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

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	\$25,178	\$7,768	\$2,676	\$5,403	\$9,331			
1113 Elementary Extracurricular	\$77,940				\$77,940			
1121 Middle/Junior High Programs	\$3,705				\$3,705			
1122 Middle/Junior High School Extracurricular	\$106,151				\$106,151			
1131 High School Programs	\$11,024	\$172	\$14	\$326	\$10,512			
1132 High School Extracurricular	\$460,665				\$460,665			
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$579,296	\$313,493	\$157,401	\$97,166	\$11,235			
1250 Less Restrictive Programs for Students with Disabilities	\$341,647	\$222,127	\$115,630	\$2,519	\$1,372			
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$586,785	\$401,690	\$184,826		\$269			
1280 Alternative Education	\$4,000			\$4,000				
1291 English Second Language Programs	\$302	\$221	\$81					
1292 Teen Parent Program	\$3,611				\$3,611			
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$8,296	\$6,125	\$2,171					
Total Instruction Expenditures	\$2,208,600	\$951,595	\$462,799	\$109,414	\$684,791	\$0	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$77,089	\$16,901	\$4,313	\$55,833	\$42			
2140 Psychological Services	\$26,000			\$26,000				
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$136,010	\$89,820	\$45,354	\$225	\$610			
2210 Improvement of Instruction Services	\$202,574	\$103,869	\$47,715	\$46,399	\$4,590			
2220 Educational Media Services	\$497				\$497			
2230 Assessment & Testing	\$1,863			\$1,337	\$526			
2240 Instructional Staff Development	\$39,042	\$20,930	\$6,179	\$9,602	\$2,331			
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$3,602	\$2,614	\$886	\$102				
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$32,378			\$31,818	\$560			
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$69,896						\$69,896	
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$62,323	\$1,320	\$432	\$35,405	\$5,166			\$20,000
2660 Technology Services	\$1,518	\$973	\$545					
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$652,793	\$236,429	\$105,424	\$206,721	\$14,322	\$0	\$69,896	\$20,000
Enterprise and Community Services Expenditures								
3100 Food Services	\$957,361	\$292,811	\$142,485	\$85,297	\$389,618	\$44,343	\$2,808	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$7,125	\$4,614	\$1,217		\$1,294			
3500 Custody and Care of Children Services	\$4,128			\$4,128				
Total Enterprise and Community Services Expenditures	\$968,614	\$297,424	\$143,702	\$89,425	\$390,911	\$44,343	\$2,808	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$66,602							\$66,602
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$66,602	\$0	\$0	\$0	\$0	\$0	\$0	\$66,602
Grand Total	\$3,896,608	\$1,485,448	\$711,926	\$405,560	\$1,090,024	\$44,343	\$72,704	\$86,602

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 300 Debt Service Funds

Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$2,271,731						\$2,271,731	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$2,271,731	\$0	\$0	\$0	\$0	\$0	\$2,271,731	\$0
Grand Total	\$2,271,731	\$0	\$0	\$0	\$0	\$0	\$2,271,731	\$0

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District

Fund: 400 Capital Projects Funds

Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		\$104,179			\$97,419	\$25		\$6,735	
4120 Site Acquisition and Development Services		\$17,074					\$17,074		
4150 Building Acquisition, Construction, and Improvement Services		\$865,592					\$865,592		
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
Total Facilities Acquisition and Construction Expenditures		\$986,846	\$0	\$0	\$97,419	\$25	\$882,666	\$6,735	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$0							
5200 Transfers of Funds		\$35,369							\$35,369
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
Total Other Uses Expenditures		\$35,369	\$0	\$0	\$0	\$0	\$0	\$0	\$35,369
Grand Total		\$1,022,214	\$0	\$0	\$97,419	\$25	\$882,666	\$6,735	\$35,369

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 8, 2015

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Dallas School District as of and for the year ended June 30, 2015, and have issued our report thereon dated December 8, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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 basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

OAR 162-10-0230 Internal Control

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

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



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW

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Dallas School District No. 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title	Grant Fund	Federal CFDA #	Grant Period	Original Program or grant amount	(Receivable)/ Deferred Revenue Jun 30, 2014	Revenue Recognized	Expenditures	Receivable/ (Deferred) Revenue Jun 30, 2015
US. DEPARTMENT OF EDUCATION								
<i>Passed Through Oregon Department of Education:</i>								
Youth Transition Programs-Voc Rehab	213	84.126A	7/1/13-6/30/15	129,051	(10,685)	33,698	33,698	9,446
				129,051	(10,685)	33,698	33,698	9,446
IDEA, Part B, Section 611	237.1	84.027	7/1/13-9/30/14	437,239	(61,773)	-	-	-
IDEA, Part B, Section 611	237	84.027	7/1/14-9/30/15	483,022	-	447,006	447,006	80,828
				920,261	(61,773)	447,006	447,006	80,828
IDEA, Part B, Section 619	204	84.173	7/1/12-9/30/14	5,523	(59)	-	-	-
		84.173	7/1/13-9/30/15	4,856	-	3,395	3,395	-
		84.173	7/1/14-9/30/16	1,379	-	-	-	-
				11,759	(59)	3,395	3,395	-
Title 1	257.1	84.010	7/1/13-9/30/14	619,144	(130,529)	-	-	-
	257	84.010	7/1/14-9/30/15	579,383	-	579,383	579,383	60,910
				1,198,527	(130,529)	579,383	579,383	60,910
Title II A Improving Teacher Quality	277.1	84.367	7/1/13-9/30/14	120,935	(35,080)	-	-	-
	277	84.367	7/1/14-9/30/15	121,681	-	111,711	111,711	41,055
				242,616	(35,080)	111,711	111,711	41,055
Enhance/Extended Assessment	232	84.027	10/1/13-6/30/14	5,305	(1,839)	-	-	-
		84.027	7/1/14-6/30/15	900	-	900	900	-
		84.027	10/1/14-9/30/15	5,305	-	708	708	-
				11,510	(1,839)	1,608	1,608	-
Extended Assessment Passed Thru WESD	232	84.027	7/1/14-6/30/15	1,574	-	1,574	1,574	-
SPR &I	234	84.027	8/1/14-6/30/15	3,160	-	3,285	3,285	-
PADTC LTCT; IDEA, Part B, 611	282	84.027	7/1/13-6/30/14	14,290	(3,007)	-	-	-
		84.027	7/1/14-6/30/15	1,096	-	1,667	1,667	-
				15,386	(3,007)	1,667	1,667	-
PADTC LTCT; Title 1 N & D	283	84.013	7/1/13-6/30/14	10,455	-	10,455	10,455	-
			7/1/14-6/30/15	16,861	-	16,861	16,861	8,973
				27,316	-	27,316	27,316	8,973
Special Populations Subsidy Program	222	93.575	7/1/14-6/30/15	40,000	-	7,910	7,910	831
Total U.S. Department of Education				2,601,160	(242,972)	1,218,551	1,218,551	202,043
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES								
<i>Passed Through Oregon Department of Education:</i>								
National School Lunch Program	203	10.555			(20,540)	461,433	461,433	* 98
National School Lunch Program-Breakfast	203	10.553			(5,516)	121,070	121,070	* -
CACFP Food Service	203	10.558			(696)	19,477	19,477	584
National School Lunch Summer Program	203	10.559			(4,534)	21,779	21,779	* 4,595
Commodities	203	10.555			-	65,200	65,200	* -
Equipment Grants	299	10.579		30,000		30,000	30,000	-
Total U.S. Department of Agriculture				30,000	(31,286)	718,958	718,958	5,277
U.S. DEPARTMENT OF INTERIOR								
<i>Passed Through Polk County Treasurer:</i>								
Revenue in Lieu of Taxes	100	15.605			-	6,873	6,873	-
Federal Forest Fees	100	15.611			-	320	320	-
Total U.S. Department of Interior				-	-	7,193	7,193	-
TOTALS				2,631,160	(274,258)	1,944,703	1,944,703	207,320

*major program

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December 8, 2015

To the Board of Directors
Dallas School District
Polk County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas School District as of and for the year ended June 30, 2015 and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



ROY R. ROGERS, CPA
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December 8, 2015

To the Board of Directors
Dallas School District
Polk County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Dallas School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Dallas School 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, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Basic Financial Statements

Type of Auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes x None reported

Noncompliance material to basic financial statements noted? _____ Yes x No

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 505(d)(2) of OMB Circular A-133? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weaknesses _____ Yes x None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ Yes x No

Identification of major programs:

<u>CFDA Number(s):</u>	<u>Name of Federal Program:</u>
10.553	National School Lunch Program – Breakfast
10.555	National School Lunch Program
10.559	National School Lunch Summer Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.