

DALLAS SCHOOL DISTRICT NO. 2
POLK COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



12700 SW 72nd Ave.
Tigard, OR 97223

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014

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DALLAS SCHOOL DISTRICT
DALLAS, OREGON

BOARD OF DIRECTORS 2013-14

| | |
|------------------------|---------------|
| 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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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 14, 2014

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas School District, (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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, 2014, 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. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and 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 Management's Discussion and Analysis, and Schedule of Funding Progress and Employer Contributions 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, 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 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 November 14, 2014 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 November 14, 2014, 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, 2014. 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, 2014, the District's total fund balances equal \$2,458,678
- The District's general fund ending balance of \$1,729,746 represents 6.8% of total general fund revenues.
- The District has \$18,835,916 invested in capital assets, net of depreciation.
- District net position increased by \$1,295,404 to \$16,902,347.

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 and its funds. The Statement of Net Position and the Statement of Activities provides 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.

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 Position and Statement of Activities report information on the District as a whole and its activities in a way that helps answer this question. We 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 shows the District's assets and liabilities, with the difference between the two reported as net assets. Capital assets and long-term liabilities are shown in the Statement of Net Position. Over time increases or decreases in net assets 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 assets 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 Position 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

Total assets, liabilities and net assets as of June 30, 2013 and June 30, 2014 are as follows (details on pg. 4):

| | 2013 | 2014 | Difference | % |
|--|----------------------|----------------------|---------------------|---------------|
| Assets | | | | |
| Current and other assets | \$ 5,160,796 | \$ 4,509,595 | \$ (651,201) | -12.6% |
| Capital assets (net) | 19,077,278 | 18,835,916 | (241,362) | -1.3% |
| Total assets | 24,238,074 | 23,345,511 | (892,563) | -3.7% |
| Liabilities | | | | |
| Other liabilities | 4,111,131 | 4,153,164 | 42,033 | 1.0% |
| Long-term liabilities | 4,520,000 | 2,290,000 | (2,230,000) | -49.3% |
| Total liabilities | 8,631,131 | 6,443,164 | (2,187,967) | -25.3% |
| Net Assets | | | | |
| Investment in capital assets, net of related debt | 12,412,278 | 12,170,916 | (241,362) | -1.9% |
| Net assets: restricted | 1,153,398 | 727,266 | (426,132) | -36.9% |
| Net assets: unrestricted | 2,041,267 | 4,004,165 | 1,962,898 | 108.4% |
| Total net position | \$ 15,606,943 | \$ 16,902,347 | \$ 1,295,404 | 9.9% |

The District's General Fund revenues and expenses for fiscal year 2013-2014, as compared to fiscal year 2012-2013 are as follows (details on pg. 5):

| | 2013 | 2014 | Difference | % |
|----------------------------|----------------------|----------------------|---------------------|--------------|
| Revenues | | | | |
| Charges for Services | \$ 304,819 | \$ 392,214 | \$ 87,395 | 28.7% |
| Operating Grants | 2,683,931 | 2,645,028 | (38,903) | -1.4% |
| General Revenues | | | | |
| Property Taxes | 7,730,070 | 7,673,606 | (56,464) | -0.7% |
| State Revenue Sharing | 16,937,143 | 19,361,001 | 2,423,858 | 14.3% |
| Miscellaneous | 1,594,082 | 2,071,399 | 477,317 | 29.9% |
| Total Revenues | \$ 29,250,045 | \$ 32,143,248 | \$ 2,893,203 | 9.9% |
| Expenses | | | | |
| Instruction | 16,772,684 | 18,752,417 | \$ 1,979,733 | 11.8% |
| Support Services | 9,919,647 | 11,092,789 | 1,173,142 | 11.8% |
| Community Services | 861,329 | 940,702 | 79,373 | 9.2% |
| Depreciation | - | - | - | - |
| Interest on Long-Term Debt | 80,854 | 61,936 | (18,918) | -23.4% |
| Total Expenses | \$ 27,634,514 | \$ 30,847,844 | \$ 3,213,330 | 11.6% |
| Change in Net Position | 1,615,531 | 1,295,404 | (320,127) | -19.8% |
| Beginning Net Position | 13,991,412 | 15,606,943 | 1,615,531 | 11.5% |
| Ending Net Position | \$ 15,606,943 | \$ 16,902,347 | \$ 1,295,404 | 8.3% |

The district's cash position remains steady. Cash and cash equivalents decreased slightly to \$3,291,102 down \$598,838 from June 30, 2013.

Ending net position as of June 30, 2014 reflected a \$1,295,404 (8.3%) increase over ending net position on June 30, 2013. Large percentage changes in the detail of these reports are due primarily to revenue and expenditures associated with voter approved capital repair project activity around the district.

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, 2014, total fund balance of the governmental funds was \$2,458,678. These amounts are available to use, in accordance with applicable restrictions on the nature of the expenditures.

Summary of Ending Fund Balances for 2013 and 2014 are as follows (details on pg.6):

| | 6/30/2013 | 6/30/2014 |
|--------------------------|--------------|--------------|
| General Fund | \$ 1,496,059 | \$ 1,729,746 |
| Other Governmental Funds | 849,370 | 361,967 |
| Debt Service Fund | 305,419 | 366,965 |
| | \$ 2,650,848 | \$ 2,458,678 |

CAPITAL ASSETS

Capital assets are those items that are valued at \$5000 and above, either singly or when purchased in bulk. Capital assets were valued as follows on June 30, 2012 and June 30, 2014 (details on pg. 19):

| | 6/30/2013 | 6/30/2014 |
|----------------------------|---------------|---------------|
| Land and land improvements | \$ 121,067 | \$ 121,067 |
| Buildings | 14,887,853 | 14,715,598 |
| Equipment | 5,832,940 | 5,890,936 |
| Construction in Progress | 9,502,014 | 9,708,760 |
| Accumulated Depreciation | (11,266,596) | (11,600,445) |
| | \$ 19,077,278 | \$ 18,835,916 |

At June 30, 2014 the District had \$18,835,916 invested in a broad range of capital assets, including land, buildings, and equipment. A Capital Improvement bond was passed by voters in November 2009 and most of the projects were completed during 2011-12 fiscal year.

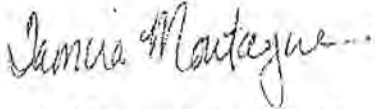
DEBT ADMINISTRATION

As of June 30, 2014 the District had \$4,520,000 in debt obligation outstanding including the district voter approved general obligation bond (Series 2010) for \$8,600,000 fully maturing in 2016. In the current year the District retired \$2,115,000 in general obligation debt. Please see auditors' notes to the Basic Financial Statements on page 20 for debt maturity details.

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,

A handwritten signature in cursive script that reads "Tamira Montague".

Tamira Montague, Business Manager

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**STATEMENT OF NET POSITION
June 30, 2014**

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 3,291,102 |
| Receivables: | |
| Accounts and Grants | 603,713 |
| Property Taxes | 613,114 |
| Supplies Inventories | 1,666 |
| Capital Assets - Nondepreciable | 9,829,827 |
| Capital Assets - Depreciable, Net of Depreciation | 9,006,089 |
| Total Assets | 23,345,511 |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | 204,473 |
| Accrued Salaries and Benefits | 1,164,900 |
| Unearned Revenue | 201,082 |
| Accrued Vacation Payable | 44,124 |
| Interest Payable | 1,053 |
| OPEB | 307,532 |
| Long-Term Liabilities Due within one year | 2,230,000 |
| Non Current Liabilities: | |
| Long-Term Liabilities Due in more than one year | 2,290,000 |
| Total Liabilities | 6,443,164 |
| NET POSITION: | |
| Net Investment in Capital Assets | 12,170,916 |
| Restricted for: | |
| Student Activity | 318,302 |
| Food Service | 41,999 |
| Debt Service | 366,965 |
| Unrestricted | 4,004,165 |
| Total Net Position | \$ 16,902,347 |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

| Functions/Programs | Expense | PROGRAM REVENUES | | Net (Expense) Revenue and Changes in Net Assets |
|--------------------------------------|----------------------|-------------------------|---------------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Instruction | \$ 18,752,417 | \$ 89,837 | \$ 1,283,176 | \$ (17,379,404) |
| Support Services | 11,092,789 | 121,900 | 687,654 | (10,283,235) |
| Community Services | 940,702 | 180,477 | 674,198 | (86,027) |
| Interest on Long-Term Debt | 61,936 | - | - | (61,936) |
| Total Governmental Activities | \$ 30,847,844 | \$ 392,214 | \$ 2,645,028 | (27,810,602) |
| GENERAL REVENUES: | | | | |
| | | | | 5,444,540 |
| | | | | 2,229,066 |
| | | | | 19,361,001 |
| | | | | 1,488,877 |
| | | | | 545,356 |
| | | | | 37,166 |
| | | | | <u>29,106,006</u> |
| | | | | 1,295,404 |
| | | | | <u>15,606,943</u> |
| | | | | <u>\$ 16,902,347</u> |

See accompanying notes to the basic financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

| | GENERAL FUND | SPECIAL GRANTS AND REVENUES FUND | DEBT SERVICE GO BOND FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---------------------|---|---------------------------------|--------------------------------|--------------------------------|
| ASSETS: | | | | | |
| Cash and Investments | \$ 2,594,923 | \$ - | \$ 329,658 | \$ 366,521 | \$ 3,291,102 |
| Inventory | - | - | - | 1,666 | 1,666 |
| Due from Other Funds | 208,132 | - | - | - | 208,132 |
| Receivables | | | | | |
| Accounts and Grants | 28,296 | 5,031 | - | 9,270 | 42,597 |
| Property Taxes | 438,118 | - | 174,996 | - | 613,114 |
| Intergovernmental Accounts | 161,879 | 367,733 | - | 31,504 | 561,116 |
| Total Assets | \$ 3,431,348 | \$ 372,764 | \$ 504,654 | \$ 408,961 | \$ 4,717,727 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 148,829 | \$ 17,920 | \$ - | \$ 37,724 | \$ 204,473 |
| Accrued Salaries and Benefits | 1,164,900 | - | - | - | 1,164,900 |
| Interest Payable | - | - | 1,053 | - | 1,053 |
| Due To Other Funds | - | 198,862 | - | 9,270 | 208,132 |
| Unearned Revenue | 45,100 | 155,982 | - | - | 201,082 |
| Total Liabilities | 1,358,829 | 372,764 | 1,053 | 46,994 | 1,779,640 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Revenue - Property Taxes | 342,773 | - | 136,636 | - | 479,409 |
| Fund Balances (Deficit) | | | | | |
| Non-spendable | - | - | - | 1,666 | 1,666 |
| Restricted for: | | | | | |
| Student Activity | - | - | - | 318,302 | 318,302 |
| Food Service | - | - | - | 41,999 | 41,999 |
| Debt Service | - | - | 366,965 | - | 366,965 |
| Unassigned | 1,729,746 | - | - | - | 1,729,746 |
| Total Fund Balances (Deficit) | 1,729,746 | - | 366,965 | 361,967 | 2,458,678 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 3,431,348 | \$ 372,764 | \$ 504,654 | \$ 408,961 | \$ 4,717,727 |

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, 2014**

| | | |
|--|-----------|--------------------------|
| TOTAL FUND BALANCES-GOVERNMENTAL FUNDS | \$ | 2,458,678 |
| Capital assets are not financial resources and therefore are not reported in the governmental funds. | | |
| Cost | \$ | 30,436,361 |
| Accumulated Depreciation | | <u>(11,600,445)</u> |
| | | 18,835,916 |
| 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. | | |
| Unavailable Revenue Related To Property Taxes. | | 479,409 |
| 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. | | |
| Long term Liabilities: | | |
| Accrued Vacation Payable | \$ | (44,124) |
| Other Post Employment Benefit Obligation | | (307,532) |
| General Obligation Bonds Payable & Flexfund Note Payable | | <u>(4,520,000)</u> |
| | | <u>(4,871,656)</u> |
| TOTAL NET POSITION | \$ | <u>16,902,347</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, 2014**

| | GENERAL FUND | SPECIAL GRANTS AND REVENUES FUND | DEBT SERVICE GO BOND FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---------------------|--|---------------------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ 6,116,347 | \$ 624,225 | \$ 2,236,112 | \$ 837,329 | \$ 9,814,013 |
| Intermediate Sources | 275,390 | 269,966 | - | - | 545,356 |
| State Sources | 19,216,433 | 625,937 | - | 12,223 | 19,854,593 |
| Federal Sources | 3,664 | 1,365,130 | - | 661,949 | 2,030,743 |
| Total Revenues | 25,611,834 | 2,885,258 | 2,236,112 | 1,511,501 | 32,244,705 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction | 16,033,785 | 1,598,528 | - | 591,523 | 18,223,836 |
| Support Services | 9,946,426 | 833,686 | - | - | 10,780,112 |
| Community Services | - | 45,580 | - | 868,606 | 914,186 |
| Facilities Acquisition | - | - | - | 80,125 | 80,125 |
| Capital Outlay | 44,934 | - | - | 206,746 | 251,680 |
| Debt Service | - | - | 2,174,566 | 32,370 | 2,206,936 |
| Total Expenditures | 26,025,145 | 2,477,794 | 2,174,566 | 1,779,370 | 32,456,875 |
| Revenues Over (Under) Expenditures | (413,311) | 407,464 | 61,546 | (267,869) | (212,170) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer In | 671,368 | 12,000 | - | 32,370 | 715,738 |
| Transfer Out | (44,370) | (419,464) | - | (251,904) | (715,738) |
| Sale of Capital Assets | 20,000 | - | - | - | 20,000 |
| Total Other Financing Sources (Uses) | 646,998 | (407,464) | - | (219,534) | 20,000 |
| Net Change in Fund Balance | 233,687 | - | 61,546 | (487,403) | (192,170) |
| Beginning Fund Balance | 1,496,059 | - | 305,419 | 849,370 | 2,650,848 |
| Ending Fund Balance | \$ 1,729,746 | \$ - | \$ 366,965 | \$ 361,967 | \$ 2,458,678 |

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, 2014

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS \$ (192,170)

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 | \$ 264,742 | |
| Gain (loss) on disposal of capital assets | (84,369) | |
| Less current year depreciation | <u>(421,735)</u> | (241,362) |

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.

2,145,000

Increase in OPEB liability

(307,532)

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.

(101,457)

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.

(7,075)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,295,404

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 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.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 certain 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.

Other Governmental Funds

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As discussed at Note 1(D), 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.

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 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 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.

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014, 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 fund financial statement. 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.

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 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.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 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 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 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.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

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

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

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. 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.

- 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.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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 assigned or committed, fund balances as of June 30, 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, 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

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 financial statements reflect the final budget. Expenditures were within appropriation levels

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. BUDGETARY BASIS OF ACCOUNTING

Financial position, results of operations, and changes in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America (GAAP). 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, 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 | \$ 1,169,397 |
| Investments | 2,121,705 |
| Total Cash and Investment | <u>\$ 3,291,102</u> |

DEPOSITS

Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$1,336,389 of which \$807,260 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.

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No.31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value at June 30, 2014. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. As of June 30, 2014 the fair value of the position in the LGIP is the approximate value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

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

At year-end, Investment balances were as follows:

| Investment Type | Fair Value | Investment Maturities (in Months) | |
|--|--------------|-----------------------------------|-------------|
| | | Less than 3 | More than 3 |
| State Treasurer's Local Government Investment Pool | \$ 2,121,705 | \$ 2,121,705 | \$ - |
| Total | \$ 2,121,705 | \$ 2,121,705 | \$ - |

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2014, 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, 2014, investments were in compliance with all percentage restrictions.

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.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--|-------------------------|----------------|------------------|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 121,067 | \$ - | \$ - | \$ 121,067 |
| Construction in Progress | 9,502,014 | 206,746 | - | 9,708,760 |
| Total Capital Assets Not Being Depreciated | <u>9,623,081</u> | <u>206,746</u> | <u>-</u> | <u>9,829,827</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 14,887,853 | - | (172,255) | 14,715,598 |
| Machinery and Equipment | 5,832,940 | 57,996 | - | 5,890,936 |
| Total Capital Assets Being Depreciated | <u>20,720,793</u> | <u>57,996</u> | <u>(172,255)</u> | <u>20,606,534</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | 6,105,960 | 255,198 | (87,886) | 6,273,272 |
| Machinery and Equipment | 5,160,636 | 166,537 | - | 5,327,173 |
| Total Accumulated Depreciation | <u>11,266,596</u> | <u>421,735</u> | <u>(87,886)</u> | <u>11,600,445</u> |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 19,077,278</u> | | | <u>\$ 18,835,916</u> |

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

| | |
|-----------------------------|-------------------|
| Governmental Activities: | |
| Instruction | \$ 256,687 |
| Support Services | 152,181 |
| Community Services | <u>12,867</u> |
| Total Depreciation Expense- | |
| Governmental Activities | <u>\$ 421,735</u> |

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.

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:

| <u>Issue Date</u> | <u>Interest Rates</u> | <u>Original Issue</u> | <u>Outstanding July 1, 2013</u> | <u>Issued</u> | <u>Matured And Redeemed</u> | <u>Outstanding June 30, 2014</u> |
|---------------------|-----------------------|-----------------------|---------------------------------|---------------|-----------------------------|----------------------------------|
| 2010 bond | 0.90% | \$ 8,600,000 | <u>\$ 6,605,000</u> | <u>\$ -</u> | <u>\$ 2,115,000</u> | <u>\$ 4,490,000</u> |
| Total Bonds Payable | | | <u>\$ 6,605,000</u> | <u>\$ -</u> | <u>\$ 2,115,000</u> | <u>\$ 4,490,000</u> |

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Future maturities of bonds are payable as follows:

| Fiscal Year Ending June 30 | GO Bond 2010 | |
|-------------------------------|--------------------|------------------|
| | Principal | Interest |
| 2015 | 2,200,000 | 40,410 |
| 2016 | 2,290,000 | 20,610 |
| Total | <u>\$4,490,000</u> | <u>\$ 61,020</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, 2013 | Issued | Matured And Redeemed | Outstanding June 30, 2014 |
|---------------------|----------------|----------------|--------------------------|-------------|----------------------|---------------------------|
| 05-06 notes | 2.70-4.00% | \$ 250,000 | <u>\$ 60,000</u> | <u>\$ -</u> | <u>\$ 30,000</u> | <u>\$ 30,000</u> |
| Total Notes Payable | | | <u>\$ 60,000</u> | <u>\$ -</u> | <u>\$ 30,000</u> | <u>\$ 30,000</u> |

Annual debt service requirements to maturity for improvement notes are as follows:

| Fiscal Year Ending June 30, | Principal | Interest |
|--------------------------------|------------------|-----------------|
| 2015 | <u>\$ 30,000</u> | <u>\$ 1,200</u> |
| Total | <u>\$ 30,000</u> | <u>\$ 1,200</u> |

Total long-term liability activity for the year ended June 30, 2014 was as follows:

| | Beginning Balance | Additons | Reductions | Ending Balance | Due Within One Year |
|-----------------------------|---------------------|-----------------|---------------------|---------------------|---------------------|
| Bonds Payable | \$ 6,605,000 | \$ - | \$ 2,115,000 | \$ 4,490,000 | \$ 2,200,000 |
| Notes Payable | 60,000 | - | 30,000 | 30,000 | 30,000 |
| Compensated Absences | 37,049 | 7,075 | - | 44,124 | - |
| Total Long-term Liabilities | <u>\$ 6,702,049</u> | <u>\$ 7,075</u> | <u>\$ 2,145,000</u> | <u>\$ 4,564,124</u> | <u>\$ 2,230,000</u> |

NOTES TO BASIC FINANCIAL STATEMENTS

8. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM

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

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

Funding Policy

Members of PERS are required to contribute 6% of their salary covered under the plan. A contribution is required by ORS 238.225 at an actuarially determined rate. The rate effective July 1, 2013 is 22.29% of salary covered under the plan for Tier 1 and Tier 2 employees and 20.29% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Contributions to PERS for the years ended June 30, 2014, 2013 and 2012 were approximately \$1,802,105, \$1,455,218 and \$2,232,918 respectively, equal to the required contributions for each year. These numbers do not include the 6.00% paid by the District for employee contributions, which was an additional \$1,752,495, \$1,630,592 and \$697,918 for the years ended June 30, 2014, 2013 and 2012.

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.

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.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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:

| | <u>Transfers</u> <u>Out</u> | <u>Transfers</u> <u>In</u> | <u>Interfund</u> <u>Receivable</u> | <u>Interfund</u> <u>Payable</u> |
|--------------------------|--------------------------------|-------------------------------|---------------------------------------|------------------------------------|
| General Fund | \$ 44,370 | \$ 671,368 | \$ 208,132 | \$ - |
| Special Revenue | 419,464 | 12,000 | - | 198,862 |
| Other Governmental Funds | 251,904 | 32,370 | - | 9,270 |
| | <u>\$ 715,738</u> | <u>\$ 715,738</u> | <u>\$ 208,132</u> | <u>\$ 208,132</u> |

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 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.

DALLAS SCHOOL DISTRICT
DALLAS, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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 24 for funding information.

| | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-------------------|-------------------|-------------------|
| Annual Required Contribution | \$ 894,937 | \$ 835,359 | \$ 761,151 |
| Interest on prior year Net OPEB Obligation | 12,345 | 15,273 | 12,508 |
| Adjustment to Annual Required Contribution | <u>(44,818)</u> | <u>(55,449)</u> | <u>(45,412)</u> |
| Annual OPEB cost | ✓ 862,464 | ✓ 795,183 | ✓ 728,247 |
| Contributions made | <u>(778,796)</u> | <u>(874,172)</u> | <u>(778,110)</u> |
| Increase in Net OPEB obligation | 83,668 | (78,989) | (49,863) |
| Net OPEB Obligation at beginning of year | <u>352,716</u> | <u>436,385</u> | <u>357,395</u> |
| Net OPEB Obligation at end of year | <u>\$ 436,385</u> | <u>\$ 357,395</u> | <u>\$ 307,532</u> |
| Percentage of APC contributed | 90% | 110% | 107% |

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, 2014 were \$46,835. Future minimum payments are as follows:

| Year Ended June 30th | <u>Amount</u> |
|----------------------|------------------|
| 2015 | \$ 46,835 |
| 2016 | 8,503 |
| 2017 | 5,831 |
| 2018 | 3,239 |
| Total | <u>\$ 64,408</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, 2014

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 |
|--------------------------|----------------------------------|--|-----------------------|-----------------------|------------------------|--|
| 2014 | \$ - | \$ 6,253,191 | \$ 6,253,191 | - | \$ N/A | N/A |
| 2010 | - | 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 |
|---------------------|------------------|-------------------|------------------------|
| 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, 2014**

GENERAL FUND

| | BUDGET | | GENERAL FUND | FACILITY REPAIR & MAINTENANCE FUND | VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE) |
|--|--------------------|--------------------|---------------------|---|---|
| | ORIGINAL | FINAL | | | |
| REVENUES: | | | | | |
| Local Sources | \$ 6,091,823 | \$ 6,091,823 | \$ 6,102,657 | \$ 13,690 | \$ 24,524 |
| Intermediate Sources | 250,000 | 250,000 | 275,390 | - | 25,390 |
| State Sources | 18,562,751 | 18,562,751 | 19,216,433 | - | 653,682 |
| Federal Sources | 3,000 | 3,000 | 3,664 | - | 664 |
| Total Revenue | <u>24,907,574</u> | <u>24,907,574</u> | <u>25,598,144</u> | <u>13,690</u> | <u>704,260</u> |
| EXPENDITURES: | | | | | |
| Instruction | 15,663,118 | 16,063,118 (1) | 16,046,785 | - | 16,333 |
| Support Services | 9,956,643 | 9,951,643 (1) | 9,854,125 | 124,235 | (26,717) |
| Facilities Acquisition | 400,000 | 400,000 (1) | - | - | 400,000 |
| Operating Contingencies | 790,843 | 90,843 (1) | - | - | 90,843 |
| Total Expenditures | <u>26,810,604</u> | <u>26,505,604</u> | <u>25,900,910</u> | <u>124,235</u> | <u>480,459</u> |
| Revenues Over (Under) Expenditures | <u>(1,903,030)</u> | <u>(1,598,030)</u> | <u>(302,766)</u> | <u>(110,545)</u> | <u>1,184,719</u> |
| OTHER FINANCING SOURCES, (USES) | | | | | |
| Transfers In | 732,500 | 732,500 | - | 671,368 | (61,132) |
| Transfers Out | (44,370) | (44,370) (1) | (44,370) | - | - |
| Sale of Capital Assets | - | - | - | 20,000 | 20,000 |
| Total Other Financing Sources, (Uses) | <u>688,130</u> | <u>688,130</u> | <u>(44,370)</u> | <u>691,368</u> | <u>(41,132)</u> |
| Net Change in Fund Balance | <u>(1,214,900)</u> | <u>(909,900)</u> | <u>(347,136)</u> | <u>580,823</u> | <u>1,143,587</u> |
| Beginning Fund Balance | <u>1,215,000</u> | <u>1,465,000</u> | <u>1,382,262</u> | <u>113,797</u> | <u>31,059</u> |
| Ending Fund Balance | <u>\$ 100</u> | <u>\$ 555,100</u> | <u>\$ 1,035,126</u> | <u>\$ 694,620</u> | <u>\$ 1,174,646</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, 2014**

SPECIAL GRANTS AND 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 | \$ 642,000 | \$ 642,000 | \$ 624,225 | \$ (17,775) |
| Intermediate Sources | 333,727 | 333,727 | 269,966 | (63,761) |
| State Sources | 614,095 | 614,095 | 625,937 | 11,842 |
| Federal Sources | <u>1,606,324</u> | <u>1,606,324</u> | <u>1,365,130</u> | <u>(241,194)</u> |
| Total Revenue | <u>\$ 3,196,146</u> | <u>\$ 3,196,146</u> | <u>\$ 2,885,258</u> | <u>\$ (310,888)</u> |
| EXPENDITURES: | | | | |
| Instruction | 1,803,229 | 1,803,229 (1) | 1,598,528 | 204,701 |
| Support Services | 925,917 | 925,917 (1) | 833,686 | 92,231 |
| Community Services | <u>47,000</u> | <u>47,000 (1)</u> | <u>45,580</u> | <u>1,420</u> |
| Total Expenditures | <u>2,776,146</u> | <u>2,776,146</u> | <u>2,477,794</u> | <u>298,352</u> |
| Revenues Over (Under) Expenditures | <u>420,000</u> | <u>420,000</u> | <u>407,464</u> | <u>(12,536)</u> |
| OTHER FINANCING SOURCES, (USES) | | | | |
| Transfers In | 12,000 | 12,000 | 12,000 | - |
| Transfers Out | <u>(432,000)</u> | <u>(432,000) (1)</u> | <u>(419,464)</u> | <u>12,536</u> |
| Total Other Financing Sources, (Uses) | <u>(420,000)</u> | <u>(420,000)</u> | <u>(407,464)</u> | <u>12,536</u> |
| Net Change in Fund Balance | - | - | - | - |
| Beginning Fund Balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(1) Appropriation Level

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SUPPLEMENTARY INFORMATION

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**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, 2014**

DEBT SERVICE - GO BONDS FUND

| | BUDGET | | ACTUAL | VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE) |
|-------------------------------|--------------|---------------|--------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Local Sources | \$ 2,174,585 | \$ 2,174,585 | \$ 2,236,112 | \$ 61,527 |
| EXPENDITURES: | | | | |
| Debt Service | 2,174,585 | 2,174,585 (1) | 2,174,566 | 19 |
| Net Change in Fund Balance | - | - | 61,546 | 61,508 |
| Beginning Fund Balance | 100,000 | 100,000 | 305,419 | 205,419 |
| Ending Fund Balance | \$ 100,000 | \$ 100,000 | \$ 366,965 | \$ 266,965 |

(1) Appropriation Level

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2014

| | STUDENT ACTIVITY | CAPITAL PROJECTS | FOOD SERVICE | DEBT SERVICE OTHER | TOTAL OTHER GOVERNMENTAL FUNDS |
|--|---------------------|---------------------|------------------|-----------------------|--------------------------------------|
| ASSETS: | | | | | |
| Cash and Investments | \$ 318,302 | \$ - | \$ 48,219 | \$ - | \$ 366,521 |
| Inventory | - | - | 1,666 | - | 1,666 |
| Receivables: | | | | | |
| Accounts and Grants | - | 9,270 | - | - | 9,270 |
| Intergovernmental | - | - | 31,504 | - | 31,504 |
| Total Assets | \$ 318,302 | \$ 9,270 | \$ 81,389 | \$ - | \$ 408,961 |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Due to Other Funds | \$ - | \$ 9,270 | \$ - | \$ - | \$ 9,270 |
| Accounts Payable | - | - | 37,724 | - | 37,724 |
| Total Liabilities | - | 9,270 | 37,724 | - | 46,994 |
| Fund Balances: | | | | | |
| Nonspendable | - | - | 1,666 | - | 1,666 |
| Restricted | 318,302 | - | 41,999 | - | 360,301 |
| Total Fund Balances | 318,302 | - | 43,665 | - | 361,967 |
| Total Liabilities and Fund Balances | \$ 318,302 | \$ 9,270 | \$ 81,389 | \$ - | \$ 408,961 |

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGETARY (NON-GAAP) BASIS
ALL OTHER GOVERNMENTAL
For the Year Ended June 30, 2014**

| REVENUES: | <u>STUDENT ACTIVITY</u> | <u>CAPITAL PROJECTS</u> | <u>FOOD SERVICE</u> | <u>DEBT SERVICE OTHER</u> | <u>TOTAL OTHER GOVERNMENTAL FUNDS</u> |
|--------------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------------|---|
| Local Sources | \$ 633,322 | \$ 13,898 | \$ 190,109 | \$ - | \$ 837,329 |
| State Sources | - | - | 12,223 | - | 12,223 |
| Federal Sources | - | - | 661,949 | - | 661,949 |
| Total Revenues | <u>633,322</u> | <u>13,898</u> | <u>864,281</u> | <u>-</u> | <u>1,511,501</u> |
| EXPENDITURES: | | | | | |
| Instruction | 591,523 | - | - | - | 591,523 |
| Community Services | - | - | 868,606 | - | 868,606 |
| Facilities Acquisition | - | 80,125 | - | - | 80,125 |
| Capital Outlay | - | 206,746 | - | - | 206,746 |
| Debt Service | - | - | - | 32,370 | 32,370 |
| Total Expenditures | <u>591,523</u> | <u>286,871</u> | <u>868,606</u> | <u>32,370</u> | <u>1,779,370</u> |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers In | - | - | - | 32,370 | 32,370 |
| Transfers Out | - | (251,904) | - | - | (251,904) |
| Total Other Financing Sources | <u>-</u> | <u>(251,904)</u> | <u>-</u> | <u>32,370</u> | <u>(219,534)</u> |
| Net Change in Fund Balance | 41,799 | (524,877) | (4,325) | - | (487,403) |
| Beginning Fund Balance | <u>276,503</u> | <u>524,877</u> | <u>47,990</u> | <u>-</u> | <u>849,370</u> |
| Ending Fund Balance | <u>\$ 318,302</u> | <u>\$ -</u> | <u>\$ 43,665</u> | <u>\$ -</u> | <u>\$ 361,967</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, 2014**

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 | \$ 633,322 | \$ (316,678) |
| EXPENDITURES: | | | | |
| Instruction | 1,100,000 | 1,100,000 (1) | 591,523 | 508,477 |
| Net Change in Fund Balance | (150,000) | (150,000) | 41,799 | 191,799 |
| Beginning Fund Balance | <u>250,000</u> | <u>250,000</u> | <u>276,503</u> | <u>26,503</u> |
| Ending Fund Balance | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ 318,302</u> | <u>\$ 218,302</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, 2014**

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 | \$ 13,898 | \$ 13,398 |
| Federal Sources | 100,000 | 100,000 | - | (100,000) |
| Total Revenues | <u>100,500</u> | <u>100,500</u> | <u>13,898</u> | <u>(86,602)</u> |
| EXPENDITURES: | | | | |
| Construction | 100,000 | 325,000 (1) | 286,871 | 38,129 |
| OTHER FINANCING SOURCES, (USES) | | | | |
| Transfers Out | (300,500) | (300,500) (1) | (251,904) | 48,596 |
| Net Change in Fund Balance | (300,000) | (525,000) | (524,877) | 123 |
| Beginning Fund Balance | <u>300,000</u> | <u>525,000</u> | <u>524,877</u> | <u>(123)</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</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, 2014**

FOOD SERVICE FUND

| | <u>BUDGET</u> | | <u>ACTUAL</u> | <u>VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|-------------------------------|------------------|------------------|------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES: | | | | |
| Local Sources: | \$ 230,100 | \$ 230,100 | \$ 190,109 | \$ (39,991) |
| State Sources | 10,250 | 10,250 | 12,223 (2) | 1,973 |
| Federal Sources | 642,000 | 642,000 | 661,949 | 19,949 |
| Total Revenue | <u>882,350</u> | <u>882,350</u> | <u>864,281</u> | <u>(18,069)</u> |
| EXPENDITURES: | | | | |
| Community Services | 881,545 | 881,545 (1) | 868,606 | 12,939 |
| Net Change in Fund Balance | 805 | 805 | (4,325) | (5,130) |
| Beginning Fund Balance | <u>34,195</u> | <u>34,195</u> | <u>47,990</u> | <u>13,795</u> |
| Ending Fund Balance | <u>\$ 35,000</u> | <u>\$ 35,000</u> | <u>\$ 43,665</u> | <u>\$ 8,665</u> |

(1) Appropriation Level

(2) This amount includes the state revenue match of \$9,967 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, 2014**

DEBT SERVICE - OTHER FUND

| | BUDGET | | ACTUAL | VARIANCE TO |
|---------------------------------|-----------|---------------|-----------|------------------------|
| | ORIGINAL | FINAL | | FINAL BUDGET |
| | | | | POSITIVE (NEGATIVE) |
| EXPENDITURES: | | | | |
| Debt Service: | \$ 32,370 | \$ 32,370 (1) | \$ 32,370 | \$ - |
| OTHER FINANCING SOURCES: | | | | |
| Transfers In | 32,370 | 32,370 | 32,370 | - |
| 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, 2014

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/13 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/14 |
|----------------------|---|---------------------|----------------------------|-----------|---|--|
| GENERAL FUND: | | | | | | |
| Current: | | | | | | |
| 2013-14 | \$ 5,678,331 | \$ 145,956 | \$ (46,743) | \$ 3,040 | \$ 5,301,451 | \$ 187,221 |
| Prior Years: | | | | | | |
| 2012-13 | 239,743 | 74 | (46,541) | 8,052 | 95,099 | 106,081 |
| 2011-12 | 137,506 | 13 | (20,347) | 9,151 | 50,053 | 76,244 |
| 2010-11 | 83,305 | 8 | (220) | 14,278 | 54,817 | 42,538 |
| 2009-10 | 39,715 | - | (183) | 8,828 | 29,543 | 18,817 |
| 2008-09 & Prior | 14,943 | - | (400) | 4,697 | 12,023 | 7,217 |
| Total Prior | 515,212 | 95 | (67,691) | 45,006 | 241,535 | 250,897 |
| Total General Fund | \$ 6,193,543 | \$ 146,051 | \$ (114,434) | \$ 48,046 | \$ 5,542,986 | \$ 438,118 |

| | | GENERAL FUND |
|--|--|-----------------|
| RECONCILIATION TO REVENUE: | | |
| Cash Collections by County Treasurer Above | | \$ 5,542,986 |
| Accrued at 6/30/13 | | (99,093) |
| Accrued at 6/30/14 | | 95,345 |
| Taxes in lieu | | 6,759 |
| Total Revenue | | \$ 5,545,997 |

**DALLAS SCHOOL DISTRICT
DALLAS, OREGON**

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED

For the Year Ended June 30, 2014

| TAX YEAR | ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/13 | DEDUCT DISCOUNTS | ADJUSTMENTS TO ROLLS | INTEREST | CASH COLLECTIONS BY COUNTY TREASURER | BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/14 |
|---------------------------|---|---------------------|----------------------------|-----------|---|--|
| DEBT SERVICE FUND: | | | | | | |
| Current: | | | | | | |
| 2013-14 | \$ 2,285,271 | \$ 58,770 | \$ (18,812) | \$ 1,285 | \$ 2,133,595 | \$ 75,379 |
| Prior Years: | | | | | | |
| 2012-13 | 94,788 | 29 | (17,848) | 3,207 | 37,878 | 42,240 |
| 2011-12 | 57,196 | 5 | (8,466) | 3,806 | 20,820 | 31,711 |
| 2010-11 | 32,216 | 3 | (85) | 5,522 | 21,202 | 16,448 |
| 2009-10 | 13,870 | - | (63) | 3,086 | 10,326 | 6,567 |
| 2009-08 | 4,990 | - | (55) | 1,489 | 3,773 | 2,651 |
| Total Prior | 203,060 | 37 | (26,517) | 17,110 | 93,999 | 99,617 |
| Total Debt Svc Fund | \$ 2,488,331 | \$ 58,807 | \$ (45,329) | \$ 18,395 | \$ 2,227,594 | \$ 174,996 |

| RECONCILIATION TO REVENUE: | DEBT SERVICE FUND |
|--|----------------------|
| Cash Collections by County Treasurer Above | \$ 2,227,594 |
| Accrued at 6/30/13 | (38,390) |
| Accrued at 6/30/14 | 38,360 |
| Taxes in lieu | 1,502 |
| Total Revenue | \$ 2,229,066 |

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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, 2014

| | | | | | | | | | | | | | | |
|--|--|----------------------------|--|------------------------|----------------------|-----------|----------------------------|--------------|--|---------------------|--------------------|--|--|--|
| <p>A. Energy bills for heating - all funds:</p> | | <u>Objects 325 and 326</u> | | | | | | | | | | | | |
| | Function 2540 | \$ 339,386 | | | | | | | | | | | | |
| | Function 2550 | - | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| <p>B. Replacement of equipment - General Fund: Include all General Fund expenditures in Object 542, except for the following exclusions: Exclude these functions:</p> | | <u>Amount</u> | | | | | | | | | | | | |
| <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;">1113, 1122 & 113: Co-curricular activities</td> <td style="width: 40%;">Construction</td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">1,140 Pre-kindergarten</td> <td>Pupil transportation</td> <td style="text-align: right;">\$ 45,622</td> </tr> <tr> <td style="padding-left: 20px;">1,300 Continuing education</td> <td>Food service</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">1,400 Summer school</td> <td>Community services</td> <td></td> </tr> </table> | 1113, 1122 & 113: Co-curricular activities | Construction | | 1,140 Pre-kindergarten | Pupil transportation | \$ 45,622 | 1,300 Continuing education | Food service | | 1,400 Summer school | Community services | | | |
| 1113, 1122 & 113: Co-curricular activities | Construction | | | | | | | | | | | | | |
| 1,140 Pre-kindergarten | Pupil transportation | \$ 45,622 | | | | | | | | | | | | |
| 1,300 Continuing education | Food service | | | | | | | | | | | | | |
| 1,400 Summer school | Community services | | | | | | | | | | | | | |

**2013 - 2014 DISTRICT REVENUE SUMMARY
DALLAS SCHOOL DISTRICT**

Revenue from Local Sources

| |
|--|
| 1110 Ad Valorem Taxes Levied by District |
| 1120 Local Option Ad Valorem Taxes Levied by District |
| 1190 Penalties and Interest on Taxes |
| 1200 Rev from Local Gov'tl Units Other Than Districts |
| 1312 Tuition from Other Districts |
| 1320 Adult/Continuing Education Tuition |
| 1330 Summer School Tuition |
| 1400 Local & Federal Sources |
| 1500 Earnings on Investments |
| 1600 Food Service |
| 1700 Extracurricular Activities |
| 1800 Community Services Activities |
| 1910 Rentals |
| 1920 Contributions and Donations From Private Sources |
| 1930 Rental or Lease Payments From Private Contractors |
| 1940 Services Provided Other Local Education Agencies |
| 1950 Textbook Sales and Rentals |
| 1960 Recovery of Prior Years' Expenditure |
| 1970 Services Provided Other Funds |
| 1980 Fees Charged to Grants |
| 1990 Miscellaneous |

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 |
|---|--------------------|--------------------|--------------------|-----------------|
| \$ 5,545,997 | | | \$ 2,229,065 | |
| | | | | |
| | | | | |
| \$ 84,149 | | | | |
| | | | | |
| \$ 5,688 | | | | |
| | | | | |
| \$ 29,063 | \$ 184 | \$ 7,047 | \$ 873 | |
| | \$ 180,477 | | | |
| \$ 106,816 | \$ 633,322 | | | |
| | \$ 38,652 | | | |
| \$ 15,084 | | | | |
| \$ 9,814 | \$ 110,880 | | | |
| | | | | |
| \$ 107,565 | | | | |
| | | | | |
| \$ 64,598 | | | | \$ 3,755 |
| | | | | |
| \$ 88,369 | | | | |
| \$ 59,204 | \$ 484,141 | | | \$ 9,270 |
| Total Revenue from Local Sources | \$6,116,347 | \$1,447,656 | \$2,236,112 | \$13,898 |

Revenue from Intermediate Sources

| |
|---|
| 2101 County School Funds |
| 2102 Education Service District Apportionment |

Total Revenue from Intermediate Sources

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 |
|--|------------------|------------------|------------|------------|
| \$ 40,356 | | | | |
| \$ 235,034 | \$ 269,966 | | | |
| Total Revenue from Intermediate Sources | \$275,390 | \$269,966 | \$0 | \$0 |

Revenue from State Sources

| |
|---|
| 3101 State School Fund - General Support |
| 3102 State School Fund - School Lunch Match |
| 3103 Common School Fund |
| 3199 Other Unrestricted Grants-in-Aid |
| 3299 Other Restricted Grants-in-Aid |

Total Revenue from State Sources

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 |
|---|---------------------|------------------|------------|------------|
| \$ 18,608,647 | | | | |
| | | \$ 9,967 | | |
| \$ 468,677 | | | | |
| \$ 138,690 | \$ 2,256 | | | |
| \$ 419 | \$ 625,937 | | | |
| Total Revenue from State Sources | \$19,216,433 | \$638,160 | \$0 | \$0 |

Revenue from Federal Sources

| |
|--|
| 4500 Restricted Revenue From the Federal Government Through the State |
| 4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies |
| 4801 Federal Forest Fees |
| 4899 Other Revenue in Lieu of Taxes |
| 4900 Revenue for/on Behalf of the District |

Total Revenue from Federal Sources

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 |
|---|----------------|--------------------|------------|------------|
| | | \$ 1,981,013 | | |
| | | | | |
| \$ 329 | | | | |
| \$3,335 | | | | |
| | | \$ 46,066 | | |
| Total Revenue from Federal Sources | \$3,664 | \$2,027,079 | \$0 | \$0 |

Revenue from Other Sources

| |
|---|
| 5200 Interfund Transfers |
| 5300 Sale of or Compensation for Loss of Fixed Assets |
| 5400 Resources - Beginning Fund Balance |

Total Revenue from Other Sources

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 |
|---|--------------------|------------------|------------------|------------------|
| \$ 671,368 | \$ 12,000 | \$ 32,370 | | |
| \$ 20,000 | | | | |
| \$ 1,496,058 | \$ 324,493 | \$ 305,419 | \$ 524,877 | |
| Total Revenue from Other Sources | \$2,187,426 | \$336,493 | \$337,789 | \$524,877 |

Grand Totals

| | | | | |
|--|---------------------|--------------------|--------------------|------------------|
| | \$27,799,260 | \$4,719,354 | \$2,573,901 | \$538,775 |
|--|---------------------|--------------------|--------------------|------------------|

2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District No. 2

Fund: 100 - General Fund

| | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---|----------------------|----------------------|---------------------|---------------------|-------------------|------------------|-------------------|------------------|
| Instruction Expenditures | | | | | | | | |
| 1111 Primary, K-5 | \$ 4,567,985 | \$ 2,968,216 | \$ 1,543,441 | \$ 125 | \$ 56,203 | | | |
| 1113 Elementary Extracurricular | \$ - | | | | | | | |
| 1121 Middle/Junior High Programs | \$ 1,990,291 | \$ 1,322,771 | \$ 633,925 | \$ 5,647 | \$ 27,848 | | \$ 100 | |
| 1122 Middle/Junior High School Extracurricular | \$ 5,812 | | | \$ 1,566 | \$ 4,046 | | | |
| 1131 High School Programs | \$ 2,899,765 | \$ 1,886,095 | \$ 967,833 | \$ 6,655 | \$ 38,705 | \$ 478 | | |
| 1132 High School Extracurricular | \$ 504,423 | \$ 287,690 | \$ 109,249 | \$ 64,084 | \$ 15,196 | \$ 13,000 | \$ 15,205 | |
| 1140 Pre-Kindergarten Programs | \$ - | | | | | | | |
| 1210 Programs for the Talented and Gifted | \$ 13,191 | \$ 9,344 | \$ 2,849 | | \$ 998 | | | |
| 1220 Restrictive Programs for Students with Disabilities | \$ 2,117,081 | \$ 1,253,241 | \$ 753,786 | \$ 107,358 | \$ 2,696 | | | |
| 1233 Other Programs | \$ 3,127 | \$ 2,173 | \$ 785 | \$ 169 | | | | |
| 1250 Less Restrictive Programs for Students with Disabilities | \$ 887,588 | \$ 551,962 | \$ 311,850 | \$ 22,135 | \$ 1,641 | | | |
| 1260 Early Intervention | \$ - | | | | | | | |
| 1271 Remediation | \$ 28,646 | \$ 21,272 | \$ 7,374 | | | | | |
| 1272 Title I | \$ - | | | | | | | |
| 1280 Alternative Education | \$ 2,737,084 | \$ 306,517 | \$ 185,566 | \$ 2,170,264 | \$ 74,738 | | | |
| 1291 English Second Language Programs | \$ 284,890 | \$ 169,704 | \$ 114,031 | \$ 862 | \$ 293 | | | |
| 1400 Summer School Programs | \$ 7,100 | \$ 5,271 | \$ 1,812 | \$ 18 | | | | |
| Total Instruction Expenditures | \$ 16,046,785 | \$ 8,784,256 | \$ 4,632,500 | \$ 2,378,883 | \$ 222,364 | \$ 13,478 | \$ 15,305 | \$ - |
| Support Services Expenditures | | | | | | | | |
| 2110 Attendance and Social Work Services | \$ 7,775 | | | \$ 6,130 | \$ 1,645 | | | |
| 2120 Guidance Services | \$ 480,802 | \$ 305,351 | \$ 164,937 | \$ 5,168 | \$ 5,295 | | \$ 50 | |
| 2130 Health Services | \$ 19,452 | \$ 11,919 | \$ 984 | \$ 3,557 | \$ 2,992 | | | |
| 2140 Psychological Services | \$ 192,745 | \$ 37,462 | \$ 9,876 | \$ 145,046 | \$ 360 | | | |
| 2190 Service Direction, Student Support Services | \$ 200,360 | \$ 123,772 | \$ 71,366 | \$ 3,438 | \$ 719 | | \$ 1,064 | |
| 2210 Improvement of Instruction Services | \$ 63,839 | \$ 39,629 | \$ 19,916 | \$ 2,778 | | | \$ 1,516 | |
| 2220 Educational Media Services | \$ 441,356 | \$ 273,844 | \$ 152,359 | \$ 6,362 | \$ 8,791 | | | |
| 2230 Assessment & Testing | \$ 74,355 | \$ 43,424 | \$ 28,896 | \$ 2,036 | | | | |
| 2240 Instructional Staff Development | \$ 2,489 | \$ 508 | \$ 183 | \$ 1,798 | | | | |
| 2310 Board of Education Services | \$ 115,066 | | | \$ 53,140 | \$ 652 | | \$ 61,275 | |
| 2320 Executive Administration Services | \$ 276,446 | \$ 183,704 | \$ 88,333 | \$ 1,728 | \$ 1,271 | | \$ 1,410 | |
| 2410 Office of the Principal Services | \$ 1,811,893 | \$ 1,181,548 | \$ 593,489 | \$ 19,420 | \$ 10,168 | | \$ 7,270 | |
| 2490 Other Support Services - School Administration | \$ 630 | | | \$ 630 | | | | |
| 2520 Fiscal Services | \$ 487,190 | \$ 306,703 | \$ 152,778 | \$ 21,529 | \$ 4,026 | | \$ 2,154 | |
| 2540 Operation and Maintenance of Plant Services | \$ 2,251,143 | \$ 725,209 | \$ 447,102 | \$ 704,078 | \$ 231,395 | \$ 31,934 | \$ 111,425 | |
| 2550 Student Transportation Services | \$ 1,451,456 | \$ 18,782 | \$ 9,514 | \$ 1,400,090 | \$ 23,069 | | | |
| 2570 Internal Services | \$ 196,402 | \$ 44,963 | \$ 16,401 | \$ 84,489 | \$ 50,549 | | | |
| 2640 Staff Services | \$ 174,951 | \$ 77,406 | \$ 71,895 | \$ 17,431 | \$ 4,692 | | \$ 3,527 | |
| 2660 Technology Services | \$ 939,673 | \$ 278,749 | \$ 134,284 | \$ 153,590 | \$ 373,050 | | | |
| 2700 Supplemental Retirement Program | \$ 790,339 | \$ 11,360 | \$ 778,979 | | | | | |
| Total Support Services Expenditures | \$ 9,978,360 | \$ 3,664,335 | \$ 2,741,291 | \$ 2,632,438 | \$ 718,672 | \$ 31,934 | \$ 189,689 | \$ - |
| Other Uses Expenditures | | | | | | | | |
| 5200 Transfers of Funds | \$ 44,370 | | | | | | | \$ 44,370 |
| Total Other Uses Expenditures | \$ 44,370 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 44,370 |
| Grand Total | \$ 26,069,515 | \$ 12,448,591 | \$ 7,373,792 | \$ 5,011,321 | \$ 941,036 | \$ 45,412 | \$ 204,994 | \$ 44,370 |

2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District No. 2

Fund: 200 - Special Revenue

| | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---|--------------|--------------|------------|------------|------------|------------|------------|------------|
| Instruction Expenditures | | | | | | | | |
| 1111 Primary, K-5 | \$ 10,984 | | | \$ 1,431 | \$ 9,553 | | | |
| 1113 Elementary Extracurricular | \$ 78,666 | | | | \$ 78,666 | | | |
| 1121 Middle/Junior High Programs | \$ - | | | | | | | |
| 1122 Middle/Junior High School Extracurricular | \$ 99,597 | | | | \$ 99,597 | | | |
| 1131 Local & Federal Sources | \$ 20,150 | | | \$ 145 | \$ 20,005 | | | |
| 1132 High School Extracurricular | \$ 421,574 | \$ 2,528 | \$ 797 | \$ 1,690 | \$ 416,559 | | | |
| 1140 Pre-Kindergarten Programs | \$ 5,812 | | | | \$ 5,812 | | | |
| 1210 Programs for the Talented and Gifted | \$ - | | | | | | | |
| 1220 Restrictive Programs for Students with Disabilities | \$ 496,547 | \$ 249,421 | \$ 129,998 | \$ 111,420 | \$ 5,707 | | | |
| 1250 Less Restrictive Programs for Students with Disabilities | \$ 346,322 | \$ 222,315 | \$ 120,765 | \$ 3,172 | \$ 69 | | | |
| 1260 Early Intervention | \$ - | | | | | | | |
| 1271 Remediation | \$ - | | | | | | | |
| 1272 Title I | \$ 679,533 | \$ 455,014 | \$ 222,743 | | \$ 1,282 | | \$ 495 | |
| 1280 Alternative Education | \$ 4,000 | | | \$ 4,000 | | | | |
| 1291 English Second Language Programs | \$ - | | | | | | | |
| 1292 Teen Parent Program | \$ 20,014 | | | \$ 7,000 | \$ 13,014 | | | |
| 1400 Summer School Programs | \$ 6,853 | \$ 5,058 | \$ 1,795 | | | | | |
| Total Instruction Expenditures | \$ 2,190,051 | \$ 934,336 | \$ 476,098 | \$ 128,858 | \$ 650,264 | \$ - | \$ 495 | \$ - |
| Support Services Expenditures | | | | | | | | |
| 2130 Health Services | \$ 41,104 | \$ 12,941 | \$ 4,027 | \$ 23,768 | \$ 368 | | | |
| 2140 Psychological Services | \$ 16,000 | | | \$ 16,000 | | | | |
| 2190 Service Direction, Student Support Services | \$ 133,816 | \$ 89,206 | \$ 44,335 | \$ 275 | | | | |
| 2210 Improvement of Instruction Services | \$ 377,639 | \$ 212,259 | \$ 98,719 | \$ 46,424 | \$ 20,237 | | | |
| 2220 Educational Media Services | \$ 1,490 | | | | \$ 1,490 | | | |
| 2240 Instructional Staff Development | \$ 86,047 | \$ 57,524 | \$ 13,542 | \$ 7,586 | \$ 7,300 | | \$ 95 | |
| 2410 Office of the Principal Services | \$ 1,353 | | | | \$ 1,353 | | | |
| 2490 Other Support Services - School Administration | \$ 20,608 | \$ 14,134 | \$ 6,400 | \$ 74 | | | | |
| 2540 Operation and Maintenance of Plant Services | \$ 4,049 | | | \$ 1,785 | \$ 2,264 | | | |
| 2550 Student Transportation Services | \$ 218 | | | \$ 218 | | | | |
| 2610 Direction of Central Support Services | \$ 88,369 | | | | | | | \$ 88,369 |
| 2640 Staff Services | \$ 62,675 | \$ 467 | \$ 584 | \$ 21,544 | \$ 10,081 | | | \$ 30,000 |
| 2660 Technology Services | \$ 318 | | | | \$ 318 | | | |
| Total Support Services Expenditures | \$ 833,686 | \$ 386,531 | \$ 167,608 | \$ 117,673 | \$ 43,412 | \$ - | \$ 95 | \$ 118,369 |
| Enterprise and Community Services | | | | | | | | |
| 3100 Food Services | \$ 868,606 | \$ 43,704 | \$ 58,165 | \$ 704,459 | \$ 59,298 | | \$ 2,980 | |
| 3300 Community Services | \$ 45,580 | \$ 31,042 | \$ 8,026 | \$ 660 | \$ 5,800 | | \$ 50 | |
| Total Enterprise and Community Services Expenditures | \$ 914,185 | \$ 74,746 | \$ 66,191 | \$ 705,120 | \$ 65,098 | \$ - | \$ 3,030 | \$ - |
| Other Uses Expenditures | | | | | | | | |
| 5200 Transfers of Funds | \$ 419,464 | | | | | | | \$ 419,464 |
| Total Other Uses Expenditures | \$ 419,464 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 419,464 |
| Grand Total | \$ 4,357,387 | \$ 1,395,613 | \$ 709,897 | \$ 951,651 | \$ 758,774 | \$ - | \$ 3,620 | \$ 537,832 |

2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District No. 2

Fund: 300 - Debt Service

| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|--------------------------------------|-------------|------------|------------|------------|------------|------------|-------------|------------|
| 5100 Debt Service | \$2,206,936 | | | | | | \$2,206,936 | |
| Total Other Uses Expenditures | \$2,206,936 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,206,936 | \$0 |
| Grand Total | \$2,206,936 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,206,936 | \$0 |

2013 - 14 DISTRICT AUDIT EXPENDITURE SUMMARY
Dallas School District No. 2

Fund: 400 - Capital Projects

| | | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|--|---|-----------|------------|------------|------------|------------|------------|------------|------------|
| Facilities Acquisition and Construction | | | | | | | | | |
| 4110 | Service Area Direction | \$49,443 | \$32,234 | \$17,208 | | | | | |
| 4150 | Building Acquisition, Construction, and Improvement Services | \$237,428 | \$26,221 | \$2,268 | | | \$206,746 | \$2,193 | |
| | Total Facilities Acquisition and Construction Expenditures | \$286,871 | \$58,456 | \$19,476 | \$0 | \$0 | \$206,746 | \$2,193 | \$0 |
| Other Uses Expenditures | | | | | | | | | |
| 5200 | Transfers of Funds | \$251,904 | | | | | | | \$251,904 |
| | Total Other Uses Expenditures | \$251,904 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$251,904 |
| | Grand Total | \$538,775 | \$58,456 | \$19,476 | \$0 | \$0 | \$206,746 | \$2,193 | \$251,904 |

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

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PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 14, 2014

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, 2014, and have issued our report thereon dated November 14, 2014. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the 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 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, 2014

| Federal Grantor/Pass Through Grantor/ Program Title | Grant Fund | Federal CFDA # | Grant Period | Original Program or grant amount | (Receivable)/ Unearned Revenue Jun 30, 2013 | Revenue Recognized | Expenditures | Receivable/ Unearned Revenue Jun 30, 2014 |
|---|---------------|-------------------|-----------------|--|--|-----------------------|------------------|--|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| <i>Passed Through Oregon Department of Education:</i> | | | | | | | | |
| <i>Rehabilitation Services-Vocational</i> | | | | | | | | |
| <i>Rehabilitation Grants to States</i> | 213 | 84.126A | 7/1/13-6/30/15 | 129,051 | - | 33,612 | 33,612 | 10,685 |
| | | | | 129,051 | - | 33,612 | 33,612 | 10,685 |
| <i>Special Education-Grants to States</i> | 237.1 | 84.027 | 7/1/12-9/30/13 | 472,410 | (83,255) | 14,754 | 14,754 | - |
| <i>Special Education-Grants to States</i> | 237 | 84.027 | 7/1/13-9/30/14 | 437,239 | - | 437,239 | 437,239 | 61,773 |
| | | | | 909,649 | (83,255) | 451,992 | 451,992 | 61,773 |
| <i>Special Education-Preschool Grants</i> | 204 | 84.173 | 7/1/11-9/30/13 | 6,330 | - | 4,202 | 4,202 | - |
| | | 84.173 | 7/1/12-9/30/14 | 5,523 | - | 3,563 | 3,563 | 59 |
| | | 84.173 | 7/1/13-9/30/15 | 1,554 | - | - | - | - |
| | | | | 13,407 | - | 7,765 | 7,765 | 59 |
| <i>Title I Grants to Local Educational Agencies</i> | 257.1 | 84.010 | 7/1/12-9/30/13 | 688,319 | (117,973) | 108,046 | 108,046 | - |
| | 257 | 84.010 | 7/1/13-9/30/14 | 619,144 | - | 619,144 | 619,144 | 130,529 |
| | | | | 1,307,463 | (117,973) | 727,190 | 727,190 | 130,529 |
| <i>Improving Teacher Quality State Grants</i> | 277.1 | 84.367 | 7/1/12-9/30/13 | 130,820 | (14,959) | - | - | - |
| | 277 | 84.367 | 7/1/13-9/30/14 | 120,935 | - | 120,935 | 120,935 | 35,080 |
| | | | | 251,755 | (14,959) | 120,935 | 120,935 | 35,080 |
| <i>Special Education-Grants to States</i> | 232 | 84.027 | 10/1/12-9/30/13 | 5,305 | (5,305) | - | - | - |
| | | 84.027 | 9/1/12-6/30/13 | 900 | (420) | - | - | - |
| | | 84.027 | 9/1/13-6/30/14 | 900 | - | 900 | 900 | - |
| | | 84.027 | 10/1/13-6/30/14 | 5,305 | - | 5,305 | 5,305 | 1,839 |
| | | | | 12,410 | (5,725) | 6,205 | 6,205 | 1,839 |
| <i>Special Education-Grants to States</i> | 234 | 84.027 | 8/1/13-6/30/14 | 3,140 | - | 3,140 | 3,140 | - |
| <i>Special Education-Grants to States</i> | 282 | 84.027 | 7/1/13-6/30/14 | 14,290 | - | 14,290 | 14,290 | 3,007 |
| <i>Title I State Agency Program for Neglected and Delinquent Children and Youth</i> | 283 | 84.013 | 7/1/13-6/30/14 | 10,455 | - | - | - | - |
| <i>Special Education-State Personnel Development</i> | 100 | 84.323 | 3/1/12-8/30/13 | 1,500 | (1,500) | - | - | - |
| <i>Special Education-State Personnel Development</i> | 231 | 84.323 | 8/1/13-6/30/14 | 3,000 | - | - | - | - |
| <i>Passed through Sheridan School District:</i> | | | | | | | | |
| <i>English Language Acquisition State Grants</i> | 218 | 84.365 | 7/01/13-6/30/14 | - | (437) | - | - | - |
| Total U.S. Department of Education | | | | 2,656,120 | (223,849) | 1,365,130 | 1,365,130 | 242,972 |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | | | | | | |
| <i>Passed Through Oregon Department of Education:</i> | | | | | | | | |
| <i>National School Lunch Program</i> | 203 | 10.555 | | | (61,555) | 457,726 | 457,726 | 20,540 |
| <i>School Breakfast Program</i> | 203 | 10.553 | | | (16,254) | 113,474 | 113,474 | 5,516 |
| <i>Child and Adult Care Food Program</i> | 203 | 10.558 | | | (154) | 22,046 | 22,046 | 696 |
| <i>Summer Food Service Program for Children</i> | 203 | 10.559 | | | (4,560) | 22,637 | 22,637 | 4,534 |
| <i>Commodities</i> | 203 | 10.550 | | | - | 46,066 | 46,066 | - |
| Total U.S. Department of Agriculture | | | | - | (82,523) | 661,949 | 661,949 | 31,286 |
| U.S. DEPARTMENT OF INTERIOR | | | | | | | | |
| <i>Passed Through Polk County Treasurer:</i> | | | | | | | | |
| <i>Sport Fish Restoration Program</i> | 100 | 15.605 | | | - | 3,335 | 3,335 | - |
| <i>Wildlife Restoration and Basic Hunter Education</i> | 100 | 15.611 | | | - | 329 | 329 | - |
| Total U.S. Department of Interior | | | | - | - | 3,664 | 3,664 | - |
| TOTALS | | | | 2,656,120 | (306,372) | 2,030,743 | 2,030,743 | 274,258 |

*major program

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 14, 2014

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 FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas School District as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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.

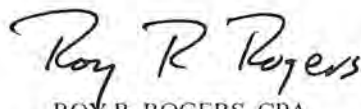
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 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
PAULY, ROGERS AND CO., P.C



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12700 SW 72nd Ave. Tigard, OR 97223
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November 14, 2014

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, 2014. 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, 2014.

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, 2014

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes 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 No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses Yes 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 No

Identification of major programs:

CFDA Number(s):
84.010
84.027 and 84.173

Name of Federal Program:
Title 1 Grants to Local Education Agencies
Special Education Grants to States

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

Auditee qualified as low-risk auditee? 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, 2014

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.