

Pendleton School District #16R
Umatilla County, Oregon

Financial Statements
June 30, 2014

Cockburn & McClintock, LLC
Certified Public Accountants
116 S.E Second St.
P.O. Box 1579
Pendleton, OR 97801

**Pendleton School District #16R
Umatilla County, Oregon**

**District Officials
June 30, 2014**

<u>Elected Officials:</u>	<u>Address</u>	<u>Term Expires</u>
Debbie McBee <i>Chairperson</i>	1062 N.W. Skyline Dr. Pendleton, OR 97801	6/30/17
Steve Umbarger <i>Vice-Chairperson</i>	557 SW 21st Street Pendleton, OR 97801	6/30/17
Greg Galloway <i>Director</i>	433 S. Main St. Pendleton, OR 97801	6/30/15
Chuck Jenson <i>Director</i>	72188 Quill Point Rd. Pendleton, OR 97801	6/30/15
Dave Krumbein <i>Director</i>	309 N.W. 5th Pendleton, OR 97801	6/30/15
Bob Rosselle <i>Director</i>	47639 Highway 11 Pendleton, OR 97801	6/30/17
Michelle Monkman <i>Director</i>	720 N.W. 12th Pendleton, OR 97801	6/30/15

Appointed Officials:

Jon Peterson <i>Superintendent and Clerk</i>	Michelle Jones <i>Director of Business Services and Deputy Clerk</i>
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District Contact Information:

1100 Southgate, Suite #8
Pendleton, OR 97801
(541) 276-6711
<http://www.pendleton.k12.or.us/>

**Pendleton School District #16R
Umatilla County, Oregon**

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**Pendleton School District #16R
Umatilla County, Oregon**

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FINANCIAL SECTION

Cockburn & McClintock, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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OREGON SOCIETY OF CPA'S
AICPA - PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Pendleton School District #16R
Pendleton, Oregon 97801

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pendleton School District #16R (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1D; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud

Auditor's Responsibility

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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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—modified cash basis of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pendleton School District #16R as of June 30, 2014, and the respective changes in financial position—modified cash basis and the related budgetary comparison for the General Fund, thereof for the year then ended in accordance with the basis of accounting described in Note 1D.

Basis of Accounting

We draw attention to Note 1D of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and other financial schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Report on Supplementary Information

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

Report on Other Information

The management's discussion and analysis and other financial schedules 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 *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 25, 2014 on our consideration of the District's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Cockburn & McClintock, LLC", is written above the printed name.

Cockburn & McClintock, LLC
Pendleton, Oregon
November 25, 2014

Other Information:
Management's Discussion and Analysis

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

As management of Pendleton School District 16R (the District), we offer readers of the District's financial statements 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 additional information we have furnished in the District's financial statements, which follow this narrative. The discussion focuses on the District's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues and expenditures resulting from cash transactions with the following modifications: property and equipment purchased for cash is capitalized in the Statement of Net Positions and depreciation expense is recorded as an allocated expense in the Statement of Activities; and long-term debt obligations of the District are recorded as a liability in the Statement of Net Positions and annual payments of principal on these obligations reduces the liability.

- The assets of the District exceed its liabilities at the close of the fiscal year by \$608,000.
- The District's total net position increased by \$2.8 million primarily due to principal payments on existing debt during 2013-14 fiscal year.
- The District's General Fund Net Position is impacted by the issuance in the 2002-2003 fiscal year of two Limited Tax Pension Bonds to pay the District's Unfunded Actuarial Liability (UAL) for pension obligations in PERS (Public Employee Retirement System). The debt incurred was \$25.6 million, which reduces the net position by that amount. The net position is reduced because the UAL is not considered debt although it is an obligation of the District to pay the UAL of its retirees.
- This method of incurring debt obligations to pay the PERS Unfunded Actuarial Liability obligation results in the District reporting a Total Unrestricted Deficit of \$15.9 million due to the PERS bond obligation of \$20 million. The District's Net Position was reduced once this debt was issued and recognized in its Government-Wide Statement of Net Position. If the bonds had not been issued the District would report an Unrestricted Net Position of \$4.1 million at June 30, 2014.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$66.1 million, an increase of \$57.1 million from the previous year. This increase was due to the sale of General Obligation Bonds prior to the close of the fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2.4 million, or 8.9% of total general fund expenditures for the year.
- The District's total debt obligations increased by \$51.4 million during the current fiscal year. This increase is mainly due to issuance of \$54.3 million in general obligation bonds for remodel of existing District facilities and construction of two new elementary schools. This increase was offset by principal payments of \$2.9 million on existing debt.

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the District through the use of District-wide statements and fund financial statements. In addition to the basic financial statements, this report also contains supplementary information that will enhance the reader's understanding of the financial condition of the District.

The first two statements (Exhibits 1 and 2) in the basic financial statements are the District-wide Financial Statements. They provide both short and long-term information about the District's financial status. The next statements (Exhibits 3 through 6) are Fund Financial Statements. These statements focus on the activities of the individual parts of the District. These statements provide more detail than the District-wide statements. There are two parts to the Fund Financial Statements: the governmental funds statements and the budgetary comparison statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. In addition to the basic financial statements and accompanying notes, supplementary information is provided to show details about the District's individual funds. Budgetary information required by the Oregon Revised Statutes also can be found in this part of the statements.

DISTRICT-WIDE FINANCIAL STATEMENTS. The District-wide financial statements are designed to provide readers with a broad overview of the District's finances, similar in format to financial statements of a private-sector business. The District-wide statements provide short and long-term information about the District's financial status as a whole. These statements include:

- **The Statement of Net Position.** The Statement of Net Position presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position reflects the classification of restricted net position as clarified by the implementation of GASB 54 (Fund Balance Reporting and Governmental Fund Type Definitions).
- **The Statement of Activities.** The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or decrease net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs.

The District's financial reporting includes the funds of the District (primary government) and an organization which must be included as component unit. The component unit, Nixyáawii Community School, is a Charter School governed by its own Board of Education and operates independently for services provided to its students except for Special Education services which are contracted with the District. Thus, this Charter School is reported as a discretely presented component unit of the District, separate from the primary government, though included in the District's overall reporting entity.

The District-wide financial statements can be found on pages 12-13 of this report.

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

FUND FINANCIAL STATEMENTS. The Fund Financial Statements provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governmental entities in the State of Oregon, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the Oregon Revised Statutes.

Governmental Funds. The governmental funds are used to account for those functions reported as governmental activities in the District-wide financial statements. All of the District's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using an accounting method called *cash accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the readers a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the Fund Financial Statements.

The District adopts an annual budget for its funds, as required by the Oregon Revised Statutes. The budget is a legally adopted document that incorporates input from the citizens of the District, the management of the District, and the School Board about which services to provide and how to pay for them. It also authorizes the District to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the District complied with Oregon Local Budget Law and whether or not the District succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balances. The statement shows four columns: 1) the original budget as adopted by the School Board; 2) the final budget as amended by the School Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges

The District maintains forty-two individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Revenues, Expenditures and Changes in Fund Balances – Cash Basis for the General Fund and Capital Projects Fund which are considered “major” funds under the GASB 34 “major” fund focus. The other forty governmental funds are reported separately in the Governmental Funds Financial Statements under the heading “Nonmajor Governmental Funds.” Individual fund financial data for each of the nonmajor governmental funds is provided as Supplementary Information.

The governmental fund financial statements can be found on pages 14 through 17 of this report.

Proprietary Funds. The District does not have a proprietary fund for the 2013-2014 school year.

Fiduciary Funds. The District does not have a fiduciary fund for the 2013-2014 school year.

NOTES TO THE BASIC FINANCIAL STATEMENTS. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and Fund Financial Statements. The notes to the financial statements can be found on pages 18-36 of this report.

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

SUPPLEMENTARY INFORMATION. The combining nonmajor fund financial statements referred to earlier in connection with non-major governmental funds are presented as Supplementary Information on pages 37-44 of this report.

Additional Supplementary Information on pages 45-86 reflects budgetary comparison schedules, individually, of all District Non-Major Funds for the fiscal year ending June 30, 2014.

DISTRICT-WIDE FINANCIAL ANALYSIS

The following reflects condensed information on the District's net position.

	Net Position		
	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>Increase/ (Decrease)</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$ 8,950,334	\$ 38,780,902	\$ 29,830,568
Taxes Receivable	628,609	527,284	(101,325)
Investments	-	25,945,823	25,945,823
Restricted Investments	-	1,339,794	1,339,794
Capital Assets, Net:			
Land	84,928	84,928	-
Construction In Progress	-	1,048,579	1,048,579
District Buildings	16,782,783	16,250,849	(531,934)
Furniture and Equipment	280,115	233,388	(46,727)
Total Assets	26,726,769	84,211,547	57,484,778
<u>Liabilities:</u>			
Current Portion of Debt	3,519,690	3,156,248	(363,442)
Long-Term Debt	25,371,284	76,481,376	51,110,092
Total Liabilities	28,890,974	79,637,624	50,746,650
<u>Deferred Inflows of Resources:</u>			
Unavailable Tax Revenues	-	527,284	527,284
Deferred Premium on Refunding	-	3,439,020	3,439,020
Total Deferred Inflows of Resources	-	3,966,304	3,966,304
<u>Net Position:</u>			
Net Investment in Capital Assets	10,302,826	11,863,388	1,560,562
Restricted for Debt Service	2,566,368	4,324,102	1,757,734
Restricted for Other Purposes	-	317,425	317,425
Unrestricted (Deficit)	(15,033,399)	(15,897,296)	(863,897)
Total Net Position	\$ (2,164,205)	\$ 607,619	\$ 2,771,824

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

DISTRICT-WIDE FINANCIAL ANALYSIS CONTINUED

As noted earlier, net position may serve over time as one useful indicator of a District's financial condition. The assets exceeded liabilities by \$608,000 as of June 30, 2014. The District's net position increased by \$2.8 million for the fiscal year ended June 30, 2014. Of the total assets, \$17.6 million reflect the District's investment in capital assets (e.g. land, Construction in Progress, District buildings, furniture and equipment), less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Change in Net Position			
	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>Increase/ (Decrease)</u>
<u>Revenues:</u>			
Program Revenues:			
Charges for Service	\$ 1,261,643	\$ 1,106,194	\$ (155,449)
Operating Grants & Contributions	3,145,605	3,448,778	303,173
Capital Grants & Contributions	5,059	-	(5,059)
General Revenues:			
Property Taxes	7,776,984	8,093,489	316,505
State School Fund - General Support	18,119,378	20,328,684	2,209,306
County/Common School Aid	338,685	348,983	10,298
Unrestricted Federal Funds	377,628	261,970	(115,658)
Interest on Investments	70,838	188,845	118,007
Miscellaneous	238,623	179,668	(58,955)
Total Revenues	<u>31,334,443</u>	<u>33,956,611</u>	<u>2,622,168</u>
<u>Expenses:</u>			
Instruction	16,899,547	17,789,122	889,575
Support Services	9,783,051	10,202,684	419,633
Enterprise and Community Services	1,265,332	1,262,591	(2,741)
Facilities Acquisition and Construction	-	362,481	-
Debt Service - Interest	1,602,854	1,567,909	(34,945)
Total Expenditures	<u>29,550,784</u>	<u>31,184,787</u>	<u>1,271,522</u>
Increase/(Decrease) in Net Position	1,783,659	2,771,824	988,165
Beginning Net Position, As Restated	<u>(3,947,864)</u>	<u>(2,164,205)</u>	<u>1,783,659</u>
Ending Net Position	<u>\$ (2,164,205)</u>	<u>\$ 607,619</u>	<u>\$ 2,771,824</u>

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

DISTRICT-WIDE FINANCIAL ANALYSIS CONTINUED

An additional portion of the District's net position, \$4.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(15.9 million) is unrestricted

Governmental Activities – Governmental activities increased the District's net position by \$2.8 million, thereby accounting for 100% of the total growth in the net position of the District.

Several aspects of the District's financial operations influenced the positive change in total governmental net position:

- Basic school support increased due to a reinvestment in education by the State of Oregon in the 2013-2015 biennium. This reinvestment increased funding by \$820 million resulting in a \$2.2 million increase in basic school support revenue for the District.
- Operating grants and contributions increased \$300,000 primarily due to an increase in grant funds from the School District Collaboration grant and the Long-Term Care and Treatment grant.
- Property Tax Revenues for the General Fund and Bond Fund increased \$316 thousand.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's Governmental Funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the District's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2014, the District's governmental funds reported combined ending fund balances of \$66.1 million, an increase of \$57.1 million in comparison with the prior year.

The General Fund, which is the chief operating fund of the District and is always considered a major fund, had a fund balance of \$5.04 million which is an increase of \$500,000. This increase is mainly related to an increase in basic school support funding. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2.9 million. As a measure of the funds liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents 18.9 percent of total General Fund expenditures.

The Capital Projects Fund, another major fund, reported an ending fund balance of \$56.4 million. No comparison to prior year as this is the first year of the Capital Projects Fund for the District. This fund is used to account for 2014 general obligation bond proceeds and capital projects mentioned earlier.

Other Non-Major Government Funds, which represent a summarization of all the other governmental funds, ended the year with total fund balance of \$4.7 million, an increase of \$587,000. The increase is primarily due to additional grant funding.

GENERAL FUND BUDGETARY HIGHLIGHTS

The PSD Board adopted a budget for the fiscal year ending June 30, 2014 based on state biennial funding of \$6.55 billion. The Governor and legislators made a significant investment in education with this funding level, increasing it from \$5.73 billion in the prior biennium. With the increased level of funding the District was able to continue to offer our students and staff a full school year and honor salary and benefit increases as per the collective bargaining agreements. The district also made the following strategic investments; the

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

addition of 1.2 FTE at the secondary level and 1.0 FTE educational assistant, continued funding for long-term facilities planning, maintained cash reserves at 6% and continued increases for technology and curriculum.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As shown in the table below, at June 30, 2014, the District had \$17.6 million invested in a broad range of capital assets including land, construction in progress, buildings, furniture and equipment. This amount reflects a net increase of \$470,000 from last year. The increase is primarily due to initial capital construction using proceeds from the general obligation bond issuance in November 2013 and reflected as construction in progress at June 30, 2014. Increase in capital additions were offset by regular depreciation expense. See Note 4 of the Notes to the Financial Statements for more information on capital assets.

Capital Assets, Net of Accumulated Depreciation			
	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>Increase/ (Decrease)</u>
Land	\$ 84,928	\$ 84,928	\$ -
Construction In Progress	-	1,048,579	1,048,579
District Buildings	16,775,917	16,250,849	(525,068)
Furniture & Equipment	<u>286,981</u>	<u>233,388</u>	<u>(53,593)</u>
Total	<u>\$ 17,147,826</u>	<u>\$ 17,617,744</u>	<u>\$ 469,918</u>

Debt Administration and Capacity

As shown in the table below, at the end of this year, the District had \$79.6 million in debt outstanding which is comparable to \$28.3 million last year. The District made its annual debt service payments under those obligations that included an overall reduction in the principal balance of \$2.9 million. See Note 6 of the Notes to the Financial Statements for more information on long-term debt obligations.

Outstanding Long-Term Debt Obligations			
	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>Increase/ (Decrease)</u>
GO Refunding Bond, Series 1998	\$ 4,845,000	\$ 2,550,000	\$ (2,295,000)
2002 Limited Tax Pension Bond	9,323,462	9,110,358	(213,104)
2003 Limited Tax Pension Bond	11,303,903	10,920,926	(382,977)
Qualified Zone Academy Bond	2,000,000	2,000,000	-
2011 Limited Tax Pension Refunding	790,000	790,000	-
GO Bonds, Series 2014	<u>-</u>	<u>54,266,340</u>	<u>54,266,340</u>
Total	<u>\$ 28,262,365</u>	<u>\$ 79,637,624</u>	<u>\$ 51,375,259</u>

Debt Limitation and Capacity Fiscal Year 2014	
Real Market Value	\$ 1,711,301,973
Debt Capacity	
General Obligation Debt Capacity (7.95% of RMV)	\$ 136,048,507
Less: Outstanding Debt Subject to Limit	<u>(56,816,310)</u>
Remaining General Obligation Debt Capacity	\$ 79,232,197
Percent of Capacity Issued	41.76%

PENDLETON SCHOOL DISTRICT 16R
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant financial factor for the District continues to be the instability of the State of Oregon's State School Fund and looming PERS increases.

The District continues to benefit from issuing PERS Bonds. Combined payments to PERS and the bonds for 2013-2014 resulted in an effective rate of 17.62%. Without issuing the bonds the rate would have been 22.29%. The result is a savings to the district of approximately \$594 thousand for the fiscal year.

The District's Budget Committee and Board considered the above factors when preparing the District budget for the 2014-2015 fiscal year. Through conservative budgeting in past years, increased funding from the State and a slight increase in cash reserves the District was able to adopt a budget for 2014-2015 that called for no reductions for the third year in a row. The district's primary focus was to maintain current staff to student ratios in the classroom, provide a full school year to students, and increase technology in the classroom. The current year budget also reflects an increase in staffing by 4.0 full-time equivalency.

School Board policy mandates that the District budget a General Fund ending fund balance that is a minimum of 4% of its General Fund actual expenditures. The ending fund balance for 2013-2014 fiscal year is 18.9%.

On November 5, 2013 the District's voters passed a General Obligation Bond. This is a continuation of the bond that renovated the Pendleton High School in the mid-1990's. The district sold bonds in February 2014 yielding net proceeds of \$57.7 million. The bond will renovate Hawthorne Elementary School into an Early Childhood/Kindergarten Center, replace two elementary schools (Washington and Sherwood) as well as provide energy, security and technology upgrades to all other district facilities.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District's Director of Business Services at 1100 Southgate, Suite 8, Pendleton, Oregon 97801.

Basic Financial Statements

District-Wide Financial Statements

Pendleton School District #16R
Umatilla County, Oregon

Statement of Net Position - Modified Cash Basis
June 30, 2014

	Primary Government Governmental Activities	Component Unit
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 38,780,902	\$ 258,879
Taxes Receivable	527,284	-
Total Current Assets	39,308,186	258,879
Noncurrent Assets:		
Investments	25,945,823	
Restricted Investments	1,339,794	
Capital Assets, Net		
Land	84,928	-
Construction In Progress	1,048,579	
District Buildings	16,250,849	-
Furniture and Equipment	233,388	-
Total Noncurrent Assets	44,903,361	-
Total Assets	84,211,547	258,879
<u>Liabilities</u>		
Current Liabilities:		
Bonds Payable Due Within One Year	3,156,248	-
Noncurrent Liabilities:		
Bonds Payable Due in More Than One Year	76,481,376	-
Total Liabilities	79,637,624	-
<u>Deferred Inflows of Resources</u>		
Unavailable Tax Revenues	527,284	-
Deferred Premium on Refunding, Net	3,439,020	-
Total Deferred Inflows of Resources	3,966,304	-
<u>Net Position</u>		
Net Investment in Capital Assets	11,863,388	-
Restricted for Debt Service	4,324,102	-
Restricted for Other Purposes	317,425	10,992
Unrestricted (Deficit)	(15,897,296)	247,887
Total Net Position	\$ 607,619	\$ 258,879

See Independent Auditor's Report and Notes to the Financial Statements

Pendleton School District #16R
Umatilla County, Oregon

Statement of Activities - Modified Cash Basis
Fiscal Year Ended June 30, 2014

Functions / Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	/ Revenue and Change in Net Position
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Programs	\$ 12,677,942	\$ 771,195	\$ 348,178	\$ (11,558,569)
Special Programs	5,111,180	-	1,598,279	(3,512,901)
Total Instruction	17,789,122	771,195	1,946,457	(15,071,470)
Support Services:				
Student Support Services	1,137,389	-	20,596	(1,116,793)
Instructional Staff Support	739,075	-	550,598	(188,477)
General Administration	649,990	-	-	(649,990)
School Administration	1,936,942	-	-	(1,936,942)
Business Support Services	4,908,676	70,706	1,000	(4,836,970)
Central Activities	423,209	-	-	(423,209)
Supplemental Retirement	407,403	-	-	(407,403)
Total Support Services	10,202,684	70,706	572,194	(9,559,784)
Facilities Acquisition & Construction	362,481	-	-	(362,481)
Enterprise and Community Services	1,262,591	264,293	930,127	(68,171)
Debt Service - Interest and Fees	1,567,909	-	-	(1,567,909)
Total Primary Government	\$ 31,184,787	\$ 1,106,194	\$ 3,448,778	\$ (26,629,815)
Component Unit:				
Nixyáawii Community School	\$ 751,904	\$ 49,274	\$ 382,934	\$ (319,696)
			Primary Government	Component Unit
Changes in Net Position		\$	(26,629,815)	\$ (319,696)
General Revenues:				
Taxes for General Purposes			5,412,775	-
Taxes for Debt Service			2,680,714	-
State School Fund - General Support			19,096,684	328,674
State School Fund - Transportation			1,232,000	-
County / Common School Aid			348,983	-
Unrestricted Federal Funds			261,970	-
Interest on Investments			188,845	226
Miscellaneous			179,668	6,075
Total General Revenues			29,401,639	334,975
Change in Net Position			2,771,824	15,279
Net Position - Beginning, As Restated			(2,164,205)	243,600
Net Position - Ending		\$	607,619	\$ 258,879

See Independent Auditor's Report and Notes to the Financial Statements

Fund Financial Statements

**Pendleton School District #16R
Umatilla County, Oregon**

**Balance Sheet - Cash Basis
Governmental Funds
June 30, 2014**

	General Fund	Capital Projects Fund 400	Nonmajor Governmental Funds	Total
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,819,952	\$ 30,411,889	\$ 3,549,061	\$ 38,780,902
Investments	-	25,945,823	1,339,794	27,285,617
Due from Other Funds	227,857	-	-	227,857
Taxes Receivable	357,041	-	170,243	527,284
	<u>5,404,850</u>	<u>56,357,712</u>	<u>5,059,098</u>	<u>66,821,660</u>
Total Assets	\$ 5,404,850	\$ 56,357,712	\$ 5,059,098	\$ 66,821,660
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>				
Liabilities:				
Due to Other Funds	\$ -	\$ -	\$ 227,857	\$ 227,857
Deferred Inflows of Resources:				
Unavailable Tax Revenues	357,041	-	170,243	527,284
Fund Balance:				
Spendable:				
Restricted	-	56,357,712	4,641,527	60,999,239
Assigned	2,650,000	-	247,328	2,897,328
Unassigned	2,397,809	-	(227,857)	2,169,952
	<u>5,047,809</u>	<u>56,357,712</u>	<u>4,660,998</u>	<u>66,066,519</u>
Total Fund Balance	5,047,809	56,357,712	4,660,998	66,066,519
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,404,850	\$ 56,357,712	\$ 5,059,098	\$ 66,821,660
Total Fund Balance				\$ 66,066,519
Capital Assets used in government activities are not financial resources and therefore are not reported in the fund financial statements.				
Amounts reported for governmental activities in the Statement of Net Position:				
Governmental Capital Assets			34,225,903	
Governmental Accumulated Depreciation			<u>(16,608,159)</u>	17,617,744
Premiums received on issuance of bonds are amortized over the life of the bonds in the Statement of Net Position, and are not reported in the fund financial statements				(3,439,020)
Debt and bonds are not due and therefore are not reported in the fund statements. Bonds and interest are recognized as an expenditure when paid.				
Amounts reported in the Statement of Net Position that are not reported in the funds statement are:				
Bonds Payable				<u>(79,637,624)</u>
Total Net Position				\$ <u>607,619</u>

See Independent Auditor's Report and Notes to the Financial Statements

Pendleton School District #16R
Umatilla County, Oregon

Statement of Revenues, Expenditures, and Changes in Fund Balance - Cash Basis
Governmental Funds
Fiscal Year Ended June 30, 2014

	General Fund	Capital Projects Fund 400	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Taxes	\$ 5,412,775	\$ -	\$ 2,680,714	\$ 8,093,489
Other Local Sources	108,310	5,000	2,267,919	2,381,229
Intermediate Sources	74,789	-	-	74,789
State Sources	20,782,799	-	887,891	21,670,690
Federal Sources	261,970	-	2,143,252	2,405,222
Charges for Services	201,413	-	904,781	1,106,194
Interest on Investments	31,786	88,896	68,163	188,845
	<u>26,873,842</u>	<u>93,896</u>	<u>8,952,720</u>	<u>35,920,458</u>
<u>Expenditures</u>				
<u>Current:</u>				
Instruction:				
Regular Programs	12,852,430	-	633,000	13,485,430
Special Programs	3,950,036	-	1,441,452	5,391,488
Total Instruction	<u>16,802,466</u>	<u>-</u>	<u>2,074,452</u>	<u>18,876,918</u>
Support Services:				
Student Support Services	1,192,056	-	23,614	1,215,670
Instructional Staff Support	297,241	-	476,689	773,930
General Administration	673,111	-	8,437	681,548
School Administration	2,055,008	-	2,813	2,057,821
Business Support Services	4,905,304	30,485	1,000	4,936,789
Central Activities	399,516	-	11,111	410,627
Supplemental Retirement	407,403	-	-	407,403
Total Support Services	<u>9,929,639</u>	<u>30,485</u>	<u>523,664</u>	<u>10,483,788</u>
Enterprise and Community Services	<u>-</u>	<u>-</u>	<u>1,234,644</u>	<u>1,234,644</u>
Facilities Acquisition and Construction	<u>-</u>	<u>362,481</u>	<u>-</u>	<u>362,481</u>
Capital Outlay	<u>6,033</u>	<u>1,048,579</u>	<u>38,200</u>	<u>1,092,812</u>
Debt Service:				
Principal	-	-	2,891,081	2,891,081
Interest	3,650	-	1,564,259	1,567,909
Total Debt Service	<u>3,650</u>	<u>-</u>	<u>4,455,340</u>	<u>4,458,990</u>
Total Expenditures	<u>26,741,788</u>	<u>1,441,545</u>	<u>8,326,300</u>	<u>36,509,633</u>
Revenues Over / (Under) Expenditures	132,054	(1,347,649)	626,420	(589,175)
Other Financial Sources / (Uses):				
General Obligation Bond Proceeds	-	54,266,340	-	54,266,340
Premium Received on Issuance of General Obligation Bonds	-	3,439,021	-	3,439,021
Transfer (to) / from Other Funds	39,709	-	(39,709)	-
Revenues and Other Sources Over / (Under) Expenditures / (Uses)	171,763	56,357,712	586,711	57,116,186
Beginning Fund Balance, As Restated	4,876,046	-	4,074,287	8,950,333
Ending Fund Balance	<u>\$ 5,047,809</u>	<u>\$ 56,357,712</u>	<u>\$ 4,660,998</u>	<u>\$ 66,066,519</u>

**Pendleton School District #16R
Umatilla County, Oregon**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of the Governmental Funds (Cash Basis) to the Statement of Activities (Modified Cash Basis)
Fiscal Year Ended June 30, 2014**

Net Change in Fund Balance - Total Government Funds	\$ 57,116,186
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.</p>	
Capital outlay reported in governmental fund financial statements	1,092,812
Depreciation expense reported in the Statement of Activities	(622,894)
Premiums reflecting bond issuance proceeds received over the par amount of bonds are deferred and amortized to interest expense over the bond repayment period in the Statement of Activities and are recognized as other financing sources in governmental funds when received	(3,439,021)
Proceeds from the issuance of general obligation bonds are reflected as a long-term liability in the Statement of Net Position.	(54,266,340)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction of long-term debt in the Statement of Net Position and does not affect the Statement of Activities.	
The amount of long-term debt principal payments in the current year	<u>2,891,081</u>
Change in Net Position - Governmental Activities	\$ <u><u>2,771,824</u></u>

See Independent Auditor's Report and Notes to the Financial Statements

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Statement
General Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Taxes	\$ 5,223,000	\$ 5,223,000	\$ 5,412,775	\$ 189,775
Other Local Sources	230,000	230,000	108,310	(121,690)
Intermediate Sources	53,000	53,000	74,789	21,789
State Sources	20,847,000	20,847,000	20,782,799	(64,201)
Federal Sources	300,000	300,000	261,970	(38,030)
Charges for Services	40,000	40,000	201,413	161,413
Interest on Investments	160,000	160,000	31,786	(128,214)
Total Receipts	26,853,000	26,853,000	26,873,842	20,842
<u>Disbursements</u>				
Instruction	17,995,966	17,995,966	16,802,466	1,193,500
Support Services	10,923,034	10,923,034	9,935,672	987,362
Other Uses	7,000	7,000	3,650	3,350
Contingencies	1,750,000	1,750,000	-	1,750,000
Total Disbursements	30,676,000	30,676,000	26,741,788	3,934,212
Receipts Over / (Under) Disbursements	(3,823,000)	(3,823,000)	132,054	3,955,054
Other Financial Sources / (Uses):				
Transfers from Other Funds	-	-	76,199	76,199
Transfers to Other Funds	(77,000)	(77,000)	(36,490)	40,510
Net Other Financial Sources / (Uses)	(77,000)	(77,000)	39,709	116,709
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	(3,900,000)	(3,900,000)	171,763	4,071,763
Beginning Fund Balance, As Restated	3,900,000	3,900,000	4,876,046	976,046
Ending Fund Balance	\$ -	\$ -	\$ 5,047,809	\$ 5,047,809

Notes to the Financial Statements

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Pendleton School District #16R (the District), have been established in conformity with the modified cash basis of accounting, as discussed in Note 1D below, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to U.S. GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurements and recognition criteria of the modified cash basis of accounting. The following is a summary of the most significant accounting policies:

A. Reporting Entity

School districts in the State of Oregon are created by legislative action. Pendleton School District #16R, Umatilla County, Oregon, operates under a School Board-Superintendent form of government and provides education for grades K-12. The District consists of eight separate school sites with financial information from the sites consolidated into one financial report.

A seven-member board exercises governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction set by the State of Oregon. The board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "Reporting Entity", as defined in Section 2100, codification of governmental accounting and financial reporting standards. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Discretely Presented Component Unit

Oregon State Statute Chapter 338 authorized the establishment of Charter Schools as part of the State's education program. Charter Schools are public schools operating under a performance contract with the local school district and are financially dependent on the District for a majority of their funding. Revenues such as the Oregon State School Fund and other State and Federal revenue sources are received by the District on behalf of the Charter School and then remitted to them. As such, Charter Schools are funded on the same basis and are subject to the same financial reporting requirements as the District. Additionally, all students enrolled in Charter Schools are included in the District's total enrollment. At fiscal year end, there was one Charter School operating within Pendleton School District #16R meeting the criteria for presentation as a discretely presented component unit: Nixyáawii Community School. Complete financial statements of Nixyáawii Community School can be obtained at the InterMountain Education Service District's Business Office at 2001 SW Nye, Pendleton, Oregon, 97801.

Since the District is independent of and is not financially accountable for other governmental units or civic entities, these financial statements represent the operations of the District as well as all of the funds of the District as a governmental unit.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements – District-Wide Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and are reported on a modified cash, economic resource basis, which recognizes all long-term assets as well as long-term debt.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

This District-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures of either fund category or the governmental combined) for the determination of major funds. The District electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

The funds of the financial reporting entity are described below:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The District reports these major governmental funds and fund types:

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The primary revenue sources are taxes and state aid.

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements – Fund Financial Statements (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The District has thirty-seven special revenue funds.

Debt Service Funds

Debt service funds account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the District. Ad valorem taxes are used for the payment of principal and interest on the District's outstanding general obligation bonds. The District has three debt service funds.

Capital Project Funds

Capital project funds are used to account for resources reserved for facilities acquisition and construction. Principal revenue sources are proceeds from issuance of general obligation bonds and earnings on investments. The District has one capital project fund.

The activities reported in these funds are reported as governmental activities in the District-wide financial statements

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

<u>Major Fund</u>	<u>Brief Description</u>
General Fund	As discussed above, the general fund will always be classified as major.
<u>Capital Project Funds:</u>	
Capital Project Fund 400	Accounts for resources reserved for facilities acquisition and construction. Principal revenue sources are proceeds from issuance of general obligation bonds and earnings on investments.

The remainder of the District's funds are classified as nonmajor funds.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Measurement Focus

In the District-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the District-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting, which is a basis of accounting other than U.S. GAAP as established by GASB. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures resulting from cash transactions, with the following modifications:

- Property and equipment purchased for cash is capitalized in the Statement of Net Position and depreciation expenditure is recorded as an allocated expenditure in the Statement of Activities.
- Long-term debt obligations of the District are recorded as a liability in the Statement of Net Position and annual payments of principal on these obligations reduces the liability.

As a result of the use of this basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed for or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid, and accrued expenditures and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the financial reporting framework recognized as U.S. GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All District-wide financials would be presented on the accrual basis of accounting.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts

Cash, Cash Equivalents, and Investments

For the purpose of the Statement of Net Position and the Balance Sheets, the District's "cash and cash equivalents" includes all cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on month end deposit and investment balances. Short-term investments are reported at cost which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

The District maintains a cash and investment pool that is available for use by all funds. In general, interest earning from pooled cash investments is allocated to each fund based on average earnings rate and average cash balance held by each fund.

State statutes authorize the District to invest primarily in general obligations of the U.S. Government and it agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper, and the State Treasurer's Local Government Investment Pool.

Inventories

Inventories of supplies are charged to expenditures when purchased. The items in inventory remain at a relatively constant level and the amount is not material. No physical inventory was taken during the year.

Capital Assets

In the District-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The capitalization threshold for general capital assets is \$5,000 for assets reported in the District-wide financial statements. Individual assets with a cost of \$5,000 or less are not capitalized. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expenditure in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
District Buildings	50
Furniture and Equipment	3-20

As part of GASB Statement No. 34, most local governments were required to report all infrastructure assets, net of depreciation in the Statement of Net Position. However, local governments with revenues of less than \$10 million annually, referred to as Phase III governments, have the option of reporting infrastructure on a prospective basis.

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Capital Assets (Continued)

Management has elected this option and the Statement of Net Position for the District does not include retroactive reporting of net infrastructure capital assets.

Leases

Leases which meet certain criteria established by the Financial Accounting Standards Board are classified as capital leases, placed amid the assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the respective lease term. Leases that do not meet the criteria of a capital lease are classified as operating leases.

Property Tax Calendar and Revenues

The District is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on September 1 based on assessed values at July 1. Property tax payments are due in two installments—November 1 and February 1. Taxes are considered delinquent 60 days after their due date and become a lien on the property at that time.

Taxes which remain unpaid at June 30 are classified as taxes receivable. Taxes receivable are fully offset by unavailable tax revenues because they are not known to be available to finance current expenditures.

Compensated Absences

Accumulated vested vacation pay is not accrued, since the modified cash basis of accounting is used. The District allows employees to accumulate unpaid vacation time for those that earn it. Any unused vacation time accrued at fiscal year-end is required to be used in the subsequent fiscal year.

Long-Term Debt Obligations

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

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

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Deferred Outflows / Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net 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 a future period(s) 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 this category.

In addition to liabilities, the Balance Sheet and Statement of Net 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which qualify for reporting in this category. They are the unavailable tax revenues and the deferred premium on refunding reported in the District-wide Statement of Net Position and Governmental Funds Balance Sheet. A deferred premium on refunding results from the difference in the premiums received over the par amounts of the bonds issued. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Both of these amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

District-Wide Net Position

District-wide net position is divided into three components:

- Net Investment in Capital Assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- Restricted Net Position—Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position—Net amount of assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of the District polity, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by School Board resolution.
- **Assigned**—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the School Board.
- **Unassigned**—All amounts not included in other spendable classifications.

Use of Restricted Resources

When an expenditure is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates

In preparing the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 2 – Stewardship, Compliance, and Accountability

The District follows Oregon’s Local Budget Law (Chapter 294 of the Oregon Revised Statutes); the process under which the budget is adopted is described in the following paragraphs. A budget is prepared for each fund in accordance with the cash basis of accounting and legal requirements set forth in time Oregon Local Budget law.

Budget amounts shown in the financial statements include the original and supplemental budget amounts and all appropriation transfers approved by the Board of Education. The appointed budget officer develops a proposed budget for submission to the budget committee. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.

After the proposed budget is prepared, the budget officer publishes a “Notice of Budget Committee Meeting” in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the District’s financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.

After approval by the budget committee and the required “Public Hearing” and prior to July 1, the budget is adopted by the Board of Education, and appropriations are enacted by resolution. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse at year-end.

Management is not allowed to modify the budget without action by the governing body. The governing body is authorized to modify the original budget appropriation ordinance by transfers of budget appropriations within a fund, which are authorized by resolution of the governing body and supplemental budget. Budget revisions that increase total expenditures in any fund require an adopted supplemental budget. If a supplemental budget increases a fund’s expenditures by less than 10%, the District can adopt it by publishing a notice five days before a meeting to pass the adoption resolution. If a supplemental budget increases a fund’s expenditures by 10% or more, the District must follow the same procedures in adopting a supplemental budget as those to adopt an original budget.

The District adopted the 2013-2014 budget for an amount of \$40,467,488 on June 10, 2013.

The District adopted the 2014-2015 budget for an amount of \$99,488,850 on June 9, 2014 which was later corrected to \$103,432,788 on September 15, 2014 as the original amount was found to be in error.

Note 3 – Deposits and Investments

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2014. While the District’s financial statements are reported using modified cash basis of accounting, certain disclosures, including depository accounts and investments contain informative disclosures that are similar and appropriate to GAAP.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 3 – Deposits and Investments (Continued)

Deposits (Continued)

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. Oregon Revised Statute (ORS) Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program (PFCP).

The PFCP was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. ORS 295 requires the qualified depository to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2014, the total bank balance was \$4,150,222. The District maintains its funds at financial institutions deemed to be a qualified depository by the Office of the State Treasurer. The District does not have a formal deposit policy for custodial credit risk.

Investments

The District invests funds in the Oregon Local Government Investment Pool (LGIP), which is an unrated external investment pool. The LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. OSTF is not subject to SEC regulation. OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment, and portfolio guidelines established by the OSTF Board. The Governor appoints the members of the Oregon Investment Council and the OSFT Board.

At June 30, 2014 the District had invested \$1,339,572 in a Federal Home Loan Bank Discount Note that matures December 29, 2014. As this note matures less than six months after fiscal year and would normally be considered a short-term investment. However, this investment and annual District additions to it in QZAB Fund #229 are restricted for payment of Qualified Zone Academy Bonds discussed further in Note 6.

During the fiscal year ended June 30, 2014 the District invested a portion of the proceeds from issuance of general obligation bonds in obligations of the United States of America and its agencies. Oregon Revised Statute 294.035 requires that funds be invested in obligations of the United States of America and its agencies. The District invested \$25,945,823 in United States Treasury Notes, Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes, Federal National Mortgage Association Notes and Federal Home Loan Mortgage Corporation Notes. The market value of these investments was \$25,952,402, a decline of \$73,359 from purchase price. However, it is the intent of the District to hold all investments to maturity. Maturity dates range from July 15, 2015 to September 16, 2016 and are considered long-term investments at June 30, 2014.

Credit Risk – State statutes authorize the District to invest primarily in general obligations of the US Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The District has no formal investment policy that further restricts its investment choices. The investments noted in the previous paragraph all carried a credit rating of AA+ by Standard & Poor's as of June 30, 2014.

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

Interest Rate Risk – The District has no formal investment policy that explicitly limits investment maturities as a

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 3 – Deposits and Investments (Continued)

means of managing its exposure to fair value loss arising from increasing interest rates.

A reconciliation of cash and cash equivalents as shown on the statement of assets, liabilities and equity arising from cash transactions is as follows:

Deposits with Financial Institutions	\$ 4,003,334
Oregon Local Government Investment Pool	<u>34,777,568</u>
Total Cash and Cash Equivalents	<u>\$ 38,780,902</u>

Note 4 – Capital Assets

For the fiscal year ended June 30, 2014, capital assets activity as reported in the District-wide financial statements were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Capital Assets:				
Land	\$ 84,928	\$ -	\$ -	\$ 84,928
Construction in Progress	<u>-</u>	<u>1,048,579</u>	<u>-</u>	<u>1,048,579</u>
Total Non-Depreciable Capital Assets	<u>84,928</u>	<u>1,048,579</u>	<u>-</u>	<u>1,133,507</u>
Depreciable Capital Assets:				
District Buildings	31,893,492	31,275	-	31,924,767
Furniture and Equipment	<u>1,154,671</u>	<u>12,958</u>	<u>-</u>	<u>1,167,629</u>
Total Depreciable Capital Assets	<u>33,048,163</u>	<u>44,233</u>	<u>-</u>	<u>33,092,396</u>
Accumulated Depreciation:				
District Buildings	15,110,709	563,209	-	15,673,918
Furniture and Equipment	<u>874,556</u>	<u>59,685</u>	<u>-</u>	<u>934,241</u>
Total Accumulated Depreciation	<u>15,985,265</u>	<u>622,894</u>	<u>-</u>	<u>16,608,159</u>
Total Depreciable Capital Assets, Net	<u>17,062,898</u>	<u>(578,661)</u>	<u>-</u>	<u>16,484,237</u>
Total Capital Assets, Net	<u>\$ 17,147,826</u>	<u>\$ 469,918</u>	<u>\$ -</u>	<u>\$ 17,617,744</u>

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

Regular Programs	\$ 271,482
Special Programs	101,299
Student Support Services	23,030
Instructional Staff Support	14,439
General Administration	12,715
School Administration	41,802
Business Support Services	115,853
Central Activities	13,448
Enterprise and Community Services	<u>28,826</u>
Total	<u>\$ 622,894</u>

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 5 – Operating Leases

The District has entered into long-term lease agreements with local organizations for the use of District owned real property:

- Lease with InterMountain Education Service District for the use space at Pendleton High School. The lease calls for monthly rental payments of \$841/month for July 1, 2014 through June 30, 2015.
- Lease with Cornerstone Community Church for the use of Sunridge Middle School cafeteria for Sunday worship services. The lease calls for weekly rental of \$225 commencing January 1, 2014 through December 31, 2014.
- Lease with Umatilla Head Start for the use of facilities at Lincoln Primary School. The lease calls for monthly rental payments of \$1,080 per month for July 1, 2014 through June 30, 2015.
- Lease with WTechlink for placing wireless internet antennas on District property. Lease calls for annual rental payment of \$1,250 for July 1, 2014 through June 30, 2015.
- Lease with Pendleton Babe Ruth Association for the use of Bob White Baseball Park. The lease calls for annual payments of \$1 for April 1, 2014 through April 1, 2019.

For those items that are under noncancellable leases, the future minimum rental receipts are as follows:

Fiscal Year Ended June 30,	<u>Gross Rents</u>
2015	\$ <u>24,302</u>

Additionally, the District has entered into the following operating leases payable:

- Lease with the City of Pendleton for the use of a maintenance building with monthly payments of \$1,006 for a period of ten years terminating on June 30, 2020. Annually, the lease rolls to year-to-year and payment adjusts in July by the change in the Portland, Oregon Consumer Price Index.
- Lease with the City of Pendleton for approximately 17 acres for use in Pendleton High School's FFA program. The lease calls for rental amount of \$1,957 on May 31st of each year and terminates May 31, 2019. Annually, the lease rolls to year-to-year and payments adjusts in June by changing in the Portland, Oregon Consumer Price Index.
- Lease with Pendleton Medical Center for office space for the District administrative offices during facilities remodel and construction period. The lease calls for monthly rental payments of \$3,966 commencing March of 2014 and ending August of 2016.
- Lease with the Round-Up Association for the use of the Round-Up Grounds for a period of three years terminating on July 1, 2016. Annual refundable cleaning deposits are made of \$2,500.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 5 – Operating Leases (Continued)

For those items that are under noncancellable leases, the future minimum rental disbursements are as follows:

Fiscal Year Ended June 30,	Gross Rents
2015	\$ 61,959
2016	62,018
2017	22,418
2018	14,548
2019	<u>14,613</u>
Totals	\$ <u>175,556</u>

Note 6 – Long-Term Debt Obligations

During the fiscal year ended June 30, 2014, changes in long-term debt for the District are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GO Refunding Bonds, Series 1998	\$ 4,845,000	\$ -	\$ (2,295,000)	\$ 2,550,000	\$ 2,550,000
2002 Limited Tax Pension Bonds	9,323,462	-	(213,103)	9,110,359	221,025
2003 Limited Tax Pension Bonds	11,303,903	-	(382,978)	10,920,925	385,223
Qualified Zone Academy Bonds	2,000,000	-	-	2,000,000	-
2011 Limited Tax Pension Refunding Bonds	790,000	-	-	790,000	-
GO Bonds, Series 2014	<u>-</u>	<u>54,266,340</u>	<u>-</u>	<u>54,266,340</u>	<u>-</u>
Total Long-Term Debt	\$ <u>28,262,365</u>	\$ <u>54,266,340</u>	\$ <u>(2,891,081)</u>	\$ <u>79,637,624</u>	\$ <u>3,156,248</u>

Bonded Debt

1998 General Obligation Refunding Bonds

On May 1, 1998 the District issued general obligation refunding bonds of \$17,185,000 to advance refund \$15,930,000 of the outstanding bonds of the Series 1994 General Obligation Bonds. Proceeds from the issuance were placed in an irrevocable trust with Wells Fargo Bank, to service the 1994 General Obligation Refunding Bonds as they come due. This refunding was performed to obtain a favorable reorganization of the District's permanent debt structure. These bonds carry interest rates ranging from 4.00% to 5.50% and mature through July 1, 2014.

The effect of this refunding has defeased \$15,930,000 of the bonds outstanding. Accordingly, the trust's assets and the liability for the defeased bonds are not included in the District's financial statements.

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

Note 6 – Long-Term Debt Obligations (Continued)

Bonded Debt (Continued)

Series 2002 Limited Tax Pension Bonds

On October 31, 2002 the District, through participation in the Oregon School Boards Association pool, issued Limited Tax Pension Obligation Bonds, Series 2002. The District issued these bonds to satisfy its estimated PERS Unfunded Actuarial Liability at December 31, 2000. The limited tax pension bonds were issued with the principal amount of the issue being \$11,366,647. The bonds carry an interest rate ranging between 2.06% and 6.10% and first payment was made on June 30, 2003. Principal amounts of the issue will be redeemed beginning June 30, 2004 with final coupon payment on June 30, 2028.

Series 2003 Limited Tax Pension Bonds

On April 21, 2003 the District, through participation in the Oregon School Boards Association pool, issued Limited Tax Pension Obligation Bonds, Series 2003. The District issued these bonds to satisfy its estimated PERS Unfunded Actuarial Liability at December 31, 2001. The limited tax pension bonds were issued with the principal amount of the issue being \$14,200,947. The bonds carry an interest rate ranging between 1.50% and 6.27% and first payment is due December 30, 2003. Principal amounts of the issue will be redeemed beginning June 30, 2004 with final coupon payment on June 30, 2028.

Qualified Zone Academy Bonds (QZAB)

In June of 2004 the District issued \$2,000,000 in Qualified Zone Academy Bonds. The bonds are held by private banking institutions and carry an interest rate of 0% and are due June 29, 2018. The bonds are qualified as part of the Taxpayer Relief Act of 1997 and allow the issuing institutions to receive income tax credits. The District is required to place annually, in a sinking fund, \$116,490 beginning June 29, 2005 through June 29, 2018 at which time, assuming an annual rate of return of 3.05% on sinking fund investments, the bonds will be redeemed. Sinking fund short-term investments are reflected as restricted

Series 2011 Limited Tax Pension Refunding Bonds

On August 11, 2011 the District issued Series 2011 Limited Tax Pension Refunding Bonds to partially defease the Series 2002 PERS Bonds. The District issued \$790,000 in bonds to defease \$755,000 of 2002 PERS bonds. The new bonds carry an interest rate of 4.115% compared with a rate of 5.50% on the defeased bonds. Both bonds required semi-annual interest payments and were/are due June 30, 2021.

General Obligation Bonds, Series 2014

On January 29, 2014 the District issued general obligation bonds of \$54,266,339. Proceeds will be used to construct two new elementary schools, renovate one elementary school as well as provide other district-wide improvements. These bonds carry interest rates ranging from 1.00% to 5.00%. First interest only payment is due December 15, 2014 and payment are to be made semi-annually thereafter. First payment of principal and interest is due June 15, 2016 the bonds mature through June 15, 2038.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 6 – Long-Term Debt Obligations (Continued)

Bonded Debt (Continued)

Annual debt service requirements to maturity for bonded debt for the District are as follows:

Year Ended June 30,	<u>1998 GO Refunding Bonds</u>		<u>2002 PERS Bond</u>		<u>2003 PERS Bond</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 2,550,000	\$ 66,938	\$ 221,025	\$ 645,696	\$ 385,223	\$ 789,522
2016	-	-	228,213	688,508	385,422	849,322
2017	-	-	232,789	733,932	384,879	909,865
2018	-	-	236,177	780,544	383,116	976,628
2019	-	-	240,017	831,704	381,659	1,048,085
2020-2024	-	-	3,162,137	2,443,961	2,890,627	5,368,096
2025-2029	-	-	4,790,000	626,042	6,110,000	818,492
Totals	\$ 2,550,000	\$ 66,938	\$ 9,110,358	\$ 6,750,387	\$ 10,920,926	\$ 10,760,010

Year Ended June 30,	<u>QZAB</u>		<u>2011 PERS Refunding Bond</u>		<u>2014 GO Bonds</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ -	\$ -	\$ -	\$ 32,508	\$ -	\$ 2,694,000	\$ 7,384,912
2016	-	-	-	32,508	800,086	2,022,865	5,006,924
2017	-	-	-	32,508	888,950	2,039,000	5,221,923
2018	2,000,000	-	-	32,508	980,564	2,067,386	7,456,923
2019	-	-	-	32,508	1,082,545	2,110,405	5,726,923
2020-2024	-	-	790,000	65,016	6,295,879	11,153,871	32,169,587
2025-2029	-	-	-	-	8,463,316	11,761,934	32,569,784
2030-2034	-	-	-	-	16,520,000	6,934,500	23,454,500
2035-2039	-	-	-	-	19,235,000	2,189,300	21,424,300
Totals	\$ 2,000,000	\$ -	\$ 790,000	\$ 227,556	\$ 54,266,340	\$ 42,973,261	\$ 140,415,776

Note 7 – Public Employees Retirement System (PERS)

Plan Description - The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and to inactive employees who return to 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

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

Note 7 – Public Employees Retirement System (PERS) (Continued)

defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the 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. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy - Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014 were 4.07 and 2.07% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost - The District's contributions to PERS for the years ending June 30, 2014, 2013, and 2012 were \$520,204, \$453,522 and \$229,263 respectively, which equaled the required contribution for the year. During 2002-03, the District issued limited tax pension bonds, the proceeds of which were used to finance a portion of its estimated unfunded actuarial liability (See Note #6).

Note 8 – Other Post-Employment Benefits

PERS Retirement Health Insurance Account

Plan Description - The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004, PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

Note 8 – Other Post Employment Benefits (Continued)

PERS Retirement Health Insurance Account (Continued)

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59% Tier 1 and Tier 2 payroll and 0.49% of OPSRP annual covered payroll. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 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) of the plan over a closed period not to exceed 30 years. The District's contributions to RHIA for the year ended June 30, 2014 are included in the PERS annual pension amount.

Additional Post-Employment Benefits

The District provides a plan allowing early retirement for its administrative, licensed, confidential and classified employees that were hired prior to December 31, 2013. The arrangement allows administrators to retire at age 51 after at least 10 years of service with the District, the last 5 years of which were in administration. Licensed employees may retire at the age of 51 after 19 years of service, at least 10 years of which must have been with the District. Confidential employees may retire at the age of 51 after 10 years with the District and classified employees may retire at the age of 51 after 10 years with the District and 20 years of PERS employment.

The District will pay administrative early retirees a monthly benefit based on their last annual contract divided by the number of months until age 65, not to exceed that which is calculated for age 58. The licensed, confidential and classified employees will receive a monthly benefit ranging from \$255 - \$510 depending on their age at the time of retirement. All early retirees may elect to continue medical insurance coverage at their own cost. There are currently 64 employees receiving early retirees benefits.

The District charges the current cash outlays to and for the plan to expenditures as paid. The future obligations under the plan amount to \$1,186,039 for those employees who had taken advantage of its provisions at June 30, 2014. This obligation has not been reflected on the District's records as the District uses the cash receipts and disbursements method of accounting as described in Note 1E.

Note 9 – Fund Balance Reporting

As noted earlier, the District has adopted GASBS No. 54. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASBS No. 54 provides for two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. At June 30, 2014 the District did not have any fund balances that would be considered non-spendable.

**Pendleton School District #16R
Umatilla County, Oregon**

**Notes to the Financial Statements
June 30, 2014**

In addition to the non-spendable fund balance, GASBS No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints as detailed in Note 1E.

Note 9 – Fund Balance Reporting (Continued)

The District has classified its fund balances with the following hierarchy:

Restricted for Local/State/Federal Grant Programs and Debt Service

Oregon State Statutes, granting agency requirements, and local ordinances require that certain revenues be specifically designed for the purposes of grant programs and debt service. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$60,999,239 and represented \$56,357,712 restricted for capital improvement and construction projects, \$4,339,201 for debt service and \$302,326 in grant programs.

Assigned for School Operations, Student Fees/Activities and Food Service

The School Board has set aside certain spendable fund balance for school operations and associated student body activities. At year end, the assigned fund balance is \$2,897,328 of which \$247,328 is for student fees and activities and \$2,650,000 for school operations. The assigned fund balance for school operations is for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in 2014-2015 fiscal year budget.

Unassigned

The unassigned fund balance for the General Fund is \$2,397,809. The unassigned fund balance for Other Governmental Funds is a deficit balance of \$247,328. This deficit balance is related to certain restricted grant programs in which disbursements exceeded receipts during the fiscal year ending June 30, 2014 and operate on a reimbursement basis.

Note 10 – Prior Period Adjustment, Correction of An Error

During the fiscal year ended June 30, 2014 it was discovered that \$335,446 of payroll related liabilities were treated as paid by June 30, 2013 but were actually paid in the 2013-14 fiscal year. The impact of this correction of an error resulted in an increase of \$335,446 to beginning fund balance in the General Fund and Government-Wide Beginning Net Position.

Note 11 – Deficit Fund Balances

At June 30, 2014 the following special revenue funds had deficit fund balances:

- Fund 203 – School Collaboration Grant
- Fund 205 – IDEA Enhancement
- Fund 206 – IDEA Systems Improvement
- Fund 237 – PHS Robotics Grant
- Fund 239 – SWIFT Grant
- Fund 253 – Title I 2012-13
- Fund 255 – Title I 2013-14
- Fund 271 – Homestead 2011-13

The deficits are a result of funds being spent prior to requested reimbursement funds being received and totaled \$227,857 at June 30, 2014. Future receipts to these funds should offset the deficits in the upcoming fiscal year. Cash borrowed from the General Fund offsets the deficits and is disclosed as “Due to Other Funds” in the Balance Sheet – Cash Basis.

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Financial Statements
June 30, 2014

Note 12 – Interfund Transfers

During the fiscal year ending June 30, 2014 , interfund transfers were as follows:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General Fund	\$ 76,199	\$ 36,490
QZAB Fund 229	36,490	-
Associated Student Body Fund	-	76,199
Totals	\$ 112,689	\$ 112,689

The General Fund Transfers out of \$36,490 were for required debt service sinking fund requirements in the QZAB Fund 229 during the June 30, 2014 fiscal year end. Transfers out of the Associated Student Bond Fund and into the General Fund were for student fees that were collected in the Associated Student Body Fund and paid for in the General Fund.

Note 13 – School Funding in the State of Oregon

With the passage of Ballot Measure 5, a large portion of public school funding has shifted from property tax receipts within district taxing boundaries to basic support payments received from the State of Oregon. These basic support payments are paid from the State's General Fund, which is heavily reliant on income taxes collected. As Oregon has experienced an economic downturn in the last few years, statewide income tax collections have decreased and resulted in a budget crisis for state government. Public K-12 education represents a large portion of the State's general fund expenditures and it is likely that any budget cuts will have a large impact on the District's annual budget. Should large cuts be made at the State level, it is likely that the District will also be required to institute large budget cuts and reduce the level of services currently offered.

Note 14 – Risk Management

The District is exposed to various risks or losses related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District purchases commercial insurance for all claims other than that represented by minimal deductible amount per loss. There have been no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Amounts of any settlements or claims have not exceeded insurance coverage in any of the past three years.

Note 15 – Evaluation of Subsequent Events

The following significant events have occurred subsequent to the fiscal year end June 30, 2014, but prior to the release of the District's financial statements:

- Received \$100,000 grant from Oregon Department of Education for Native American Culturally Relevant Teaching.
- Received \$159,442 grant from Oregon Department of Education for Title IIA, Teacher Quality and \$614,183 grant from Oregon Department of Education for Title I, Improving Basic Skill Program.

The District has evaluated subsequent events through November 25, 2014, the date which the financial statements were available to be issued.

Supplementary Information

Combining Nonmajor Fund Financial Statements

Pendleton School District #16R
Umatilla County, Oregon

Combining Balance Sheet - Cash Basis
Nonmajor Governmental Funds
June 30, 2014

	Pendleton Foundation Trust Fund 201	School Collaboration Grant Fund 203	IDEA Enhancement Fund 205	IDEA Systems Performance Fund 206	Sodexo Scholarship Fund 223	Food Service Fund 224	QZAB SB 1149 Fund 229
<u>Assets</u>							
Cash and Cash Equivalents	\$ 9,440	\$ -	\$ -	\$ -	\$ 500	\$ 190,779	\$ 15,099
Short-Term Investments	-	-	-	-	-	-	1,339,794
Property Taxes Receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ 9,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 190,779</u>	<u>\$ 1,354,893</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>							
Liabilities:							
Due to Other funds	\$ -	\$ 51,297	\$ 96	\$ 67	\$ -	\$ -	\$ -
Deferred Inflows of Resources:							
Unavailable Tax Revenues	-	-	-	-	-	-	-
Fund Balance:							
Spendable:							
Restricted	9,440	-	-	-	500	190,779	1,354,893
Assigned	-	-	-	-	-	-	-
Unassigned	-	(51,297)	(96)	(67)	-	-	-
Total Fund Balances	<u>9,440</u>	<u>(51,297)</u>	<u>(96)</u>	<u>(67)</u>	<u>500</u>	<u>190,779</u>	<u>1,354,893</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 190,779</u>	<u>\$ 1,354,893</u>

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**Pendleton School District #16R
Umatilla County, Oregon**

**Combining Balance Sheet - Cash Basis
Nonmajor Governmental Funds
June 30, 2014**

	Wells Fargo Match Fund 234	Altrusa ASK Fund 235	ASPIRE Program Fund 236	PHS Robotics Grant Fund 237	SWIFT Grant Fund 239	Wildhorse Foundation Fund 243	Title I 2012-13 Fund 253
<u>Assets</u>							
Cash and Cash Equivalents	\$ 10	\$ 2,325	\$ 715	\$ -	\$ -	\$ 10,394	\$ -
Short-Term Investments	-	-	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ 10</u>	<u>\$ 2,325</u>	<u>\$ 715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,394</u>	<u>\$ -</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>							
Liabilities:							
Due to Other funds	\$ -	\$ -	\$ -	\$ 3,950	\$ 1,562	\$ -	\$ 7,638
Deferred Inflows of Resources:							
Unavailable Tax Revenues	-	-	-	-	-	-	-
Fund Balance:							
Spendable:							
Restricted	10	2,325	715	-	-	10,394	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(3,950)	(1,562)	-	(7,638)
Total Fund Balances	<u>10</u>	<u>2,325</u>	<u>715</u>	<u>(3,950)</u>	<u>(1,562)</u>	<u>10,394</u>	<u>(7,638)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 10</u>	<u>\$ 2,325</u>	<u>\$ 715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,394</u>	<u>\$ -</u>

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Pendleton School District #16R
Umatilla County, Oregon

Combining Balance Sheet - Cash Basis
Nonmajor Governmental Funds
June 30, 2014

	Title I 2013-14 Fund 255	K-12 Music Fund 266	Homestead 2013-15 Fund 271	P-3 Alignment Fund 283	EOCI State of OR Fund 287	Midco Donations Fund 289	Wal-Mart Grants Fund 294
<u>Assets</u>							
Cash and Cash Equivalents	\$ -	\$ 8	\$ -	\$ 74,753	\$ 580	\$ 100	\$ 219
Short-Term Investments	-	-	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 74,753</u>	<u>\$ 580</u>	<u>\$ 100</u>	<u>\$ 219</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>							
Liabilities:							
Due to Other funds	\$ 150,348	\$ -	\$ 12,899	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources:							
Unavailable Tax Revenues	-	-	-	-	-	-	-
Fund Balance:							
Spendable:							
Restricted	-	8	-	74,753	580	100	219
Assigned	-	-	-	-	-	-	-
Unassigned	(150,348)	-	(12,899)	-	-	-	-
Total Fund Balances	<u>(150,348)</u>	<u>8</u>	<u>(12,899)</u>	<u>74,753</u>	<u>580</u>	<u>100</u>	<u>219</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 74,753</u>	<u>\$ 580</u>	<u>\$ 100</u>	<u>\$ 219</u>

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**Pendleton School District #16R
Umatilla County, Oregon**

**Combining Balance Sheet - Cash Basis
Nonmajor Governmental Funds
June 30, 2014**

	Special Donations Fund 295	Student Body Accounts Fund 299	BIRF Debt Service Fund 300	PERS 2002 Bond Fund 301	PERS 2003 Bond Fund 302	Total Nonmajor Governmental Funds
<u>Assets</u>						
Cash and Cash Equivalents	\$ 12,503	\$ 247,328	\$ 2,978,587	\$ 2,708	\$ 3,013	\$ 3,549,061
Short-Term Investments	-	-	-	-	-	1,339,794
Property Taxes Receivable	-	-	170,243	-	-	170,243
	<u>-</u>	<u>-</u>	<u>170,243</u>	<u>-</u>	<u>-</u>	<u>170,243</u>
Total Assets	\$ <u>12,503</u>	\$ <u>247,328</u>	\$ <u>3,148,830</u>	\$ <u>2,708</u>	\$ <u>3,013</u>	\$ <u>5,059,098</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>						
Liabilities:						
Due to Other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,857
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,857</u>
Deferred Inflows of Resources:						
Unavailable Tax Revenues	-	-	170,243	-	-	170,243
	<u>-</u>	<u>-</u>	<u>170,243</u>	<u>-</u>	<u>-</u>	<u>170,243</u>
Fund Balance:						
Spendable:						
Restricted	12,503	-	2,978,587	2,708	3,013	4,641,527
Assigned	-	247,328	-	-	-	247,328
Unassigned	-	-	-	-	-	(227,857)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,857)</u>
Total Fund Balances	12,503	247,328	2,978,587	2,708	3,013	4,660,998
	<u>12,503</u>	<u>247,328</u>	<u>2,978,587</u>	<u>2,708</u>	<u>3,013</u>	<u>4,660,998</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ <u>12,503</u>	\$ <u>247,328</u>	\$ <u>3,148,830</u>	\$ <u>2,708</u>	\$ <u>3,013</u>	\$ <u>5,059,098</u>

See Independent Auditor's Report

**Pendleton School District #16R
Umatilla County, Oregon**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2014**

	Pendleton Foundation Trust Fund 201	School Collaboration Grant Fund 203	Education Foundation Fund 204	IDEA Enhancement Fund 205	IDEA Systems Performance Fund 206	Extended Assessment Training Fund 209	IDEA Fund 213	Struve Memorial Fund 214	EBISS Fund 218	Sodexo Scholarship Fund 223	Food Service Fund 224
<u>Receipts</u>											
Local Sources	\$ 41,771	\$ -	\$ 18,243	\$ -	\$ -	\$ -	\$ -	\$ 1,750	\$ -	\$ 500	\$ 272,084
State Sources	-	293,569	-	-	-	-	-	-	-	-	17,188
Federal Sources	-	-	-	3,043	2,780	668	300,938	-	1,500	-	912,939
Total Receipts	<u>41,771</u>	<u>293,569</u>	<u>18,243</u>	<u>3,043</u>	<u>2,780</u>	<u>668</u>	<u>300,938</u>	<u>1,750</u>	<u>1,500</u>	<u>500</u>	<u>1,202,211</u>
<u>Disbursements</u>											
Current:											
Instruction:											
Regular Programs	21,274	-	10,937	-	-	-	-	1,750	-	500	-
Special Programs	-	-	69	3,139	2,847	-	296,866	-	-	-	-
Support Services:											
Student Support Services	-	-	-	-	-	-	-	-	-	-	-
Instructional Staff Support	-	302,018	-	-	-	668	-	-	404	-	-
General Administration	-	8,437	-	-	-	-	-	-	-	-	-
School Administration	2,448	-	-	-	-	-	-	-	-	-	-
Business Support Services	-	-	-	-	-	-	-	-	-	-	-
Central Activities	-	-	-	-	-	-	-	-	-	-	-
Enterprise and Community Services:											
Food Services	-	-	-	-	-	-	-	-	-	-	1,234,644
Capital Outlay	17,685	-	-	-	-	-	-	-	-	-	6,925
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	<u>41,407</u>	<u>310,455</u>	<u>11,006</u>	<u>3,139</u>	<u>2,847</u>	<u>668</u>	<u>296,866</u>	<u>1,750</u>	<u>404</u>	<u>500</u>	<u>1,241,569</u>
Receipts Over / (Under) Disbursements	364	(16,886)	7,237	(96)	(67)	-	4,072	-	1,096	-	(39,358)
Other Financing Sources / (Uses):											
Transfers (To) / From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	364	(16,886)	7,237	(96)	(67)	-	4,072	-	1,096	-	(39,358)
Beginning Fund Balance	<u>9,076</u>	<u>(34,411)</u>	<u>(7,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,072)</u>	<u>-</u>	<u>(1,096)</u>	<u>500</u>	<u>230,137</u>
Ending Fund Balance	<u>\$ 9,440</u>	<u>\$ (51,297)</u>	<u>\$ -</u>	<u>\$ (96)</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 190,779</u>

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Pendleton School District #16R
Umatilla County, Oregon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2014

	QZAB SB 1149 Fund 229	Wells Fargo Match Fund 234	Altrusa ASK Fund 235	ASPIRE Program Fund 236	PHS Robotics Grant Fund 237	SWIFT Grant Fund 239	Wildhorse Foundation Fund 243	Title ID Grant Fund 244	ECMC Grant Fund 249	Title I 2012-13 Fund 253	Title I 2013-14 Fund 255
<u>Receipts</u>											
Local Sources	\$ 124,154	\$ -	\$ 10,476	\$ -	\$ 6,150	\$ -	\$ 19,850	\$ -	\$ 2,000	\$ -	\$ -
State Sources	-	-	-	3,000	3,545	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	16,252	-	20,596	-	204,922	497,836
Total Receipts	<u>124,154</u>	<u>-</u>	<u>10,476</u>	<u>3,000</u>	<u>9,695</u>	<u>16,252</u>	<u>19,850</u>	<u>20,596</u>	<u>2,000</u>	<u>204,922</u>	<u>497,836</u>
<u>Disbursements</u>											
Current:											
Instruction:											
Regular Programs	-	-	11,296	3,000	13,645	-	9,456	-	2,500	-	-
Special Programs	-	-	384	-	-	-	-	-	-	58,222	644,717
Support Services:											
Student Support Services	-	-	-	-	-	-	-	20,596	-	-	-
Instructional Staff Support	-	-	-	-	-	17,814	-	-	-	89	3,467
General Administration	-	-	-	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-	-
Business Support Services	-	-	-	-	-	-	-	-	-	-	-
Central Activities	-	-	-	-	-	-	-	-	-	-	-
Enterprise and Community Services:											
Food Services	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Debt Service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>11,680</u>	<u>3,000</u>	<u>13,645</u>	<u>17,814</u>	<u>9,456</u>	<u>20,596</u>	<u>2,500</u>	<u>58,311</u>	<u>648,184</u>
Receipts Over / (Under) Disbursements	124,154	-	(1,204)	-	(3,950)	(1,562)	10,394	-	(500)	146,611	(150,348)
Other Financing Sources / (Uses):											
Transfers (To) / From Other Funds	<u>36,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	160,644	-	(1,204)	-	(3,950)	(1,562)	10,394	-	(500)	146,611	(150,348)
Beginning Fund Balance	<u>1,194,249</u>	<u>10</u>	<u>3,529</u>	<u>715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>(154,249)</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,354,893</u>	<u>\$ 10</u>	<u>\$ 2,325</u>	<u>\$ 715</u>	<u>\$ (3,950)</u>	<u>\$ (1,562)</u>	<u>\$ 10,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,638)</u>	<u>\$ (150,348)</u>

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Pendleton School District #16R
Umatilla County, Oregon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2014

	K-12 Music Fund 266	Homestead 2011-13 Fund 270	Homestead 2013-15 Fund 271	Buck Boosters Fund 273	Title IIA 2013-14 Fund 277	Title IIA 2012-13 Fund 278	P-3 Alignment Fund 283	EOCI State of Oregon Fund 287	Midco Donations Fund 288	CTSO Chapter Grants Fund 290
<u>Receipts</u>										
Local Sources	\$ -	\$ -	\$ -	\$ 38,458	\$ -	\$ -	\$ 75,000	\$ -	\$ 100	\$ 3,200
State Sources	-	164,695	405,894	-	-	-	-	-	-	-
Federal Sources	-	1,756	16,415	-	158,703	4,904	-	-	-	-
Total Receipts	-	166,451	422,309	38,458	158,703	4,904	75,000	-	100	3,200
<u>Disbursements</u>										
Current:										
Instruction:										
Regular Programs	88	-	-	22,654	-	-	-	-	-	3,200
Special Programs	-	-	435,208	-	-	-	-	-	-	-
Support Services:										
Student Support Services	-	-	-	-	-	-	-	-	-	-
Instructional Staff Support	-	-	-	-	147,592	-	247	-	-	-
General Administration	-	-	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-
Business Support Services	-	-	-	-	-	-	-	-	-	-
Central Activities	-	-	-	-	11,111	-	-	-	-	-
Enterprise and Community Services:										
Food Services	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	13,590	-	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total Disbursements	88	-	435,208	36,244	158,703	-	247	-	-	3,200
Receipts Over / (Under) Disbursements	(88)	166,451	(12,899)	2,214	-	4,904	74,753	-	100	-
Other Financing Sources / (Uses):										
Transfers (To) / From Other Funds	-	-	-	-	-	-	-	-	-	-
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	(88)	166,451	(12,899)	2,214	-	4,904	74,753	-	100	-
Beginning Fund Balance	96	(166,451)	-	(2,214)	-	(4,904)	-	580	-	-
Ending Fund Balance	\$ 8	\$ -	\$ (12,899)	\$ -	\$ -	\$ -	\$ 74,753	\$ 580	\$ 100	\$ -

See Independent Auditor's Report

Pendleton School District #16R
Umatilla County, Oregon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Cash Basis
Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2014

	Back to School With The Right Tools Fund 293	Wal-Mart Grants Fund 294	Special Donations Fund 295	Student Body Accounts Fund 299	BIRF Debt Service Fund 300	PERS 2002 Bond Fund 301	PERS 2003 Bond Fund 302	Total Nonmajor Governmental Funds
<u>Receipts</u>								
Local Sources	1,000	\$ -	\$ 7,149	\$ 640,488	\$ 2,690,077	\$ 854,386	\$ 1,114,741	\$ 5,921,577
State Sources	-	-	-	-	-	-	-	887,891
Federal Sources	-	-	-	-	-	-	-	2,143,252
Total Receipts	<u>1,000</u>	<u>-</u>	<u>7,149</u>	<u>640,488</u>	<u>2,690,077</u>	<u>854,386</u>	<u>1,114,741</u>	<u>8,952,720</u>
<u>Disbursements</u>								
Current:								
Instruction:								
Regular Programs	-	17	29,491	503,192	-	-	-	633,000
Special Programs	-	-	-	-	-	-	-	1,441,452
Support Services:								
Student Support Services	-	-	3,018	-	-	-	-	23,614
Instructional Staff Support	-	-	4,390	-	-	-	-	476,689
General Administration	-	-	-	-	-	-	-	8,437
School Administration	-	-	365	-	-	-	-	2,813
Business Support Services	1,000	-	-	-	-	-	-	1,000
Central Activities	-	-	-	-	-	-	-	11,111
Enterprise and Community Services:								
Food Services	-	-	-	-	-	-	-	1,234,644
Capital Outlay	-	-	-	-	-	-	-	38,200
Debt Service:								
Principal	-	-	-	-	2,295,000	213,103	382,978	2,891,081
Interest	-	-	-	-	191,246	641,247	731,766	1,564,259
Total Disbursements	<u>1,000</u>	<u>17</u>	<u>37,264</u>	<u>503,192</u>	<u>2,486,246</u>	<u>854,350</u>	<u>1,114,744</u>	<u>8,326,300</u>
Receipts Over / (Under) Disbursements	-	(17)	(30,115)	137,296	203,831	36	(3)	626,420
Other Financing Sources / (Uses):								
Transfers (To) / From Other Funds	-	-	-	(76,199)	-	-	-	(39,709)
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	-	(17)	(30,115)	61,097	203,831	36	(3)	586,711
Beginning Fund Balance	-	236	42,618	186,231	2,774,756	2,672	3,016	4,074,287
Ending Fund Balance	<u>-</u>	<u>\$ 219</u>	<u>\$ 12,503</u>	<u>\$ 247,328</u>	<u>\$ 2,978,587</u>	<u>\$ 2,708</u>	<u>\$ 3,013</u>	<u>\$ 4,660,998</u>

See Independent Auditor's Report

Budgetary Comparison Schedules

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Pendleton Foundation Trust
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 40,000	\$ 40,000	\$ 41,771	\$ 1,771
<u>Disbursements</u>				
Instruction:				
1111 Elementary, K-5 or K-6	10,000	10,000	3,348	6,652
1121 Middle/Junior High Programs	10,000	10,000	-	10,000
1131 High School Programs	10,000	10,000	4,999	5,001
1132 High School Extracurricular	10,000	10,000	30,612	(20,612)
Total Instruction	40,000	40,000	38,959	1,041
Support Services:				
2410 Office of the Principal	-	-	2,448	(2,448)
2540 Operation and Maintenance of Plant Services	15,000	15,000	-	15,000
Total Support Services	15,000	15,000	2,448	12,552
Total Disbursements	55,000	55,000	41,407	13,593
Receipts Over / (Under) Disbursements	(15,000)	(15,000)	364	15,364
Beginning Fund Balance	15,000	15,000	9,076	(5,924)
Ending Fund Balance	\$ -	\$ -	\$ 9,440	\$ 9,440

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
School Collaboration Grant Fund
Fiscal Year Ended June 30, 2014

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
State Sources:					
3299	Other Restricted Grants-in-Aid	\$ 344,000	\$ 344,000	\$ 293,569	\$ (50,431)
<u>Disbursements</u>					
Support Services:					
2210	Improvement of Instruction Services	-	-	266,586	(266,586)
2240	Instructional Staff Development	344,000	344,000	35,432	308,568
2310	Board of Education Services	-	-	8,437	(8,437)
Total Disbursements		344,000	344,000	310,455	33,545
Receipts Over / (Under) Disbursements		-	-	(16,886)	(16,886)
Beginning Fund Balance		-	-	(34,411)	(34,411)
Ending Fund Balance		\$ -	\$ -	\$ (51,297)	\$ (51,297)

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Educational Foundation of Pendleton
Fiscal Year Ended June 30, 2014**

		Budget		Actual	Variance with Final Budget
		Original	Final		
<u>Receipts</u>					
Local Sources:					
1920	Contributions and Donations				
	From Private Sources	\$ 15,000	\$ 15,000	\$ 18,243	\$ 3,243
<u>Disbursements</u>					
Instruction:					
1111	Elementary, K-5 or K-6	5,000	5,000	3,812	1,188
1121	Middle/Junior High Programs	5,000	5,000	461	4,539
1131	High School Programs	5,000	5,000	6,095	(1,095)
1132	High School Extracurricular	-	-	569	(569)
1280	Alternative Education	-	-	69	(69)
	Total Disbursements	15,000	15,000	11,006	3,994
Receipts Over / (Under) Disbursements		-	-	7,237	7,237
Beginning Fund Balance		-	-	(7,237)	(7,237)
Ending Fund Balance		\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
IDEA Enhancement Fund #4
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ 6,000	\$ 6,000	\$ 3,043	\$ (2,957)
<u>Disbursements</u>				
Instruction:				
1250 Less Restrictive Programs for Students with Disabilities	6,000	6,000	3,139	2,861
Receipts Over / (Under) Disbursements	-	-	(96)	(96)
Beginning Fund Balance		-	-	-
Ending Fund Balance	\$ -	\$ -	\$ (96)	\$ (96)

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
IDEA Systems Performance Fund #3
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ 5,000	\$ 5,000	\$ 2,780	\$ (2,220)
<u>Disbursements</u>				
Instruction:				
1250 Less Restrictive Programs for Students with Disabilities	5,000	5,000	2,847	2,153
Receipts Over / (Under) Disbursements	-	-	(67)	(67)
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ (67)	\$ (67)

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Extended Assessment Training
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ 1,000	\$ 1,000	\$ 668	\$ (332)
<u>Disbursements</u>				
Support Services:				
2210 Improvement of Instruction Services	1,000	1,000	668	332
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
PHS / SMS Health Center Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1990 Miscellaneous Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
<u>Disbursements</u>				
Support Services:				
2130 Health Services	1,000	1,000	-	1,000
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
IDEA Grant Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4700 Grants-In-Aid From the Federal Government				
Through Other Intermediate Agencies	\$ 345,000	\$ 335,000	\$ 300,938	\$ (34,062)
<u>Disbursements</u>				
Instruction:				
1250 Less Restrictive Programs for Students				
with Disabilities	375,000	365,000	296,866	68,134
Receipts Over / (Under) Disbursements	(30,000)	(30,000)	4,072	34,072
Beginning Fund Balance	30,000	30,000	(4,072)	(34,072)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Struve Memorial Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ -	\$ 2,000	\$ 1,750	\$ (250)
<u>Disbursements</u>				
Support Services:				
1132 High School Extracurricular	-	2,000	1,750	250
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
EBISS
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ 10,000	\$ 1,000	\$ 1,500	\$ 500
<u>Disbursements</u>				
Support Services:				
2210 Improvement of Instruction Services	10,000	1,000	404	596
Receipts Over / (Under) Disbursements	-	-	1,096	1,096
Beginning Fund Balance	-	-	(1,096)	(1,096)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Sodexo Scholarship Fund
Fiscal Year Ended June 30, 2014

		Budget		Actual	Variance with
		Original	Final		Final Budget
<u>Receipts</u>					
Local Sources:					
1920	Contributions and Donations				
	From Private Sources	\$ 500	\$ 500	\$ 500	\$ -
<u>Disbursements</u>					
Instruction:					
1131	High School Programs	500	500	500	-
Receipts Over / (Under) Disbursements		-	-	-	-
Beginning Fund Balance			-	500	500
Ending Fund Balance		\$ -	\$ -	\$ 500	\$ 500

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Food Service Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1500 Earnings on Investments	\$ -	\$ -	\$ 992	\$ 992
1600 Food Service	450,000	450,000	264,293	(185,707)
1990 Miscellaneous	25,000	25,000	6,799	(18,201)
Total Local Sources	475,000	475,000	272,084	(202,916)
State Sources:				
3102 State School Fund - School Lunch Match	15,000	15,000	12,962	(2,038)
3299 Other Restricted Grants-in-Aid	2,000	2,000	4,226	2,226
Total State Sources	17,000	17,000	17,188	188
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	900,000	900,000	846,064	(53,936)
4900 Revenue for / on Behalf of the District	90,000	90,000	66,875	(23,125)
Total Federal Sources	990,000	990,000	912,939	(77,061)
Total Receipts	1,482,000	1,482,000	1,202,211	(279,789)
<u>Disbursements</u>				
Enterprise and Community Services:				
3100 Food Services	1,682,000	1,682,000	1,241,569	440,431
Receipts Over / (Under) Disbursements	(200,000)	(200,000)	(39,358)	160,642
Beginning Fund Balance	200,000	200,000	230,137	30,137
Ending Fund Balance	\$ -	\$ -	\$ 190,779	\$ 190,779

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
QZAB SB 1149 Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1500 Earnings on Investments	\$ 20,000	\$ 20,000	\$ 52,528	\$ 32,528
1990 Miscellaneous	60,000	60,000	71,626	11,626
Total Receipts	80,000	80,000	124,154	44,154
<u>Disbursements</u>				
Support Services:				
2540 Operation and Maintenance of Plant Services	85,000	85,000	-	85,000
Receipts Over / (Under) Disbursements	(5,000)	(5,000)	124,154	129,154
Other Financial Sources / (Uses):				
Transfer From Other Funds	77,000	77,000	36,490	40,510
Receipts and Other Sources Over / (Under) Disbursements / (Uses)				
	72,000	72,000	160,644	169,664
Beginning Fund Balance	1,187,000	1,187,000	1,194,249	7,249
Ending Fund Balance	\$ 1,259,000	\$ 1,259,000	\$ 1,354,893	\$ 176,913

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Wells Fargo / Galloway Match Fund
Fiscal Year Ended June 30, 2014**

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
Local Sources:					
1920	Contributions and Donations				
	From Private Sources	\$ 2,500	\$ 2,400	\$ -	\$ (2,400)
<u>Disbursements</u>					
Instruction:					
1111	Elementary, K-5 or K-6	2,500	2,400	-	2,400
Receipts Over / (Under) Disbursements		-	-	-	-
Beginning Fund Balance		-	-	10	10
Ending Fund Balance		\$ -	\$ -	\$ 10	\$ 10

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Altrusa Ask Program
Fiscal Year Ended June 30, 2014**

		Budget		Actual	Variance with
		Original	Final		Final Budget
<u>Receipts</u>					
Local Sources:					
1920	Contributions and Donations From Private Sources	\$ 11,000	\$ 11,000	\$ 10,476	\$ (524)
<u>Disbursements</u>					
Instruction:					
1111	Elementary, K-5 or K-6	9,500	9,500	9,448	52
1121	Middle/Junior High Programs	2,000	2,000	613	1,387
1122	Middle/Junior High School Extracurricular	-	-	-	-
1131	High School Programs	2,000	2,000	1,235	765
1220	Restrictive Programs for Students with Disabilities	-	-	84	(84)
1280	Alternative Education	500	500	300	200
Total Instruction		14,000	14,000	11,680	2,320
Support Services:					
2550	Student Transportation Services	1,000	1,000	-	1,000
Total Disbursements		15,000	15,000	11,680	3,320
Receipts Over / (Under) Disbursements		(4,000)	(4,000)	(1,204)	2,796
Beginning Fund Balance		4,000	4,000	3,529	(471)
Ending Fund Balance		\$ -	\$ -	\$ 2,325	\$ 2,325

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
PHS Aspire Program Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
State Sources:				
3299 Other Restricted Grants-in-Aid	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
<u>Disbursements</u>				
Instruction:				
1131 High School Programs	4,000	4,000	3,000	1,000
Receipts Over / (Under) Disbursements	(1,000)	(1,000)	-	1,000
Beginning Fund Balance	1,000	1,000	715	(285)
Ending Fund Balance	\$ -	\$ -	\$ 715	\$ 715

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
PHS Robotics Grant Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources				
1920 Contributions and Donations	\$ -	\$ 7,000	\$ 6,150	\$ (850)
State Sources:				
3299 Other Restricted Grants-in-Aid	-	-	3,545	3,545
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	-	8,000	-	(8,000)
Total Receipts	-	15,000	9,695	(5,305)
<u>Disbursements</u>				
Instruction:				
1131 High School Programs	-	15,000	13,645	1,355
Receipts Over / (Under) Disbursements	-	-	(3,950)	(3,950)
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ (3,950)	\$ (3,950)

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
SWIFT Grant Fund
Fiscal Year Ended June 30, 2014

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
State Sources:					
3299	Other Restricted Grants-in-Aid	\$ -	\$ 18,000	\$ -	\$ (18,000)
Federal Sources:					
4500	Restricted Revenue from the Federal Government Through the State	-	-	16,252	16,252
Total Receipts		-	18,000	16,252	(1,748)
Support Services:					
2210	Improvement of Instruction Services	-	9,000	17,814	(8,814)
2240	Instructional Staff Development	-	9,000	-	9,000
Total Disbursements		-	18,000	17,814	186
Receipts Over / (Under) Disbursements		-	-	(1,562)	(1,562)
Beginning Fund Balance		-	-	-	-
Ending Fund Balance		\$ -	\$ -	\$ (1,562)	\$ (1,562)

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Wildhorse Foundation Grant Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 42,500	\$ 27,500	\$ 19,850	\$ (7,650)
<u>Disbursements</u>				
Instruction:				
1111 Elementary, K-5 or K-6	15,000	15,000	9,456	5,544
1121 Middle/Junior High Programs	15,000	15,000	-	15,000
1131 High School Programs	15,000	-	-	-
Total Disbursements	45,000	30,000	9,456	20,544
Receipts Over / (Under) Disbursements	(2,500)	(2,500)	10,394	12,894
Beginning Fund Balance	2,500	2,500	-	(2,500)
Ending Fund Balance	\$ -	\$ -	\$ 10,394	\$ 10,394

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Title ID Grant Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ -	\$ 21,000	\$ 20,596	\$ (404)
<u>Disbursements</u>				
Support Services:				
2110 Attendance and Social Work Services	-	20,000	20,596	(596)
2240 Instructional Staff Development	-	1,000	-	1,000
Total Disbursements	-	21,000	20,596	404
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
ECMC Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 3,000	\$ 3,000	\$ 2,000	\$ (1,000)
<u>Disbursements</u>				
Instruction:				
1131 High School Programs	3,500	3,500	2,500	1,000
Receipts Over / (Under) Disbursements	(500)	(500)	(500)	-
Beginning Fund Balance	500	500	500	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Title I 2012-13 Grant Fund
Fiscal Year Ended June 30, 2014**

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
Federal Sources:					
4500	Restricted Revenue from the Federal Government Through the State	\$ 75,000	\$ 80,000	\$ 204,922	\$ 124,922
<u>Disbursements</u>					
Instruction:					
1272	Title I	59,000	59,000	58,222	778
Support Services:					
2210	Improvement of Instruction Services	-	5,000	89	4,911
2240	Instructional Staff Development	16,000	16,000	-	16,000
	Total Support Services	16,000	21,000	89	20,911
	Total Disbursements	75,000	80,000	58,311	21,689
Receipts Over / (Under) Disbursements		-	-	146,611	146,611
Beginning Fund Balance		-	-	(154,249)	(154,249)
Ending Fund Balance		\$ -	\$ -	\$ (7,638)	\$ (7,638)

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Title I 2013-14 Fund
Fiscal Year Ended June 30, 2014

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
Federal Sources:					
4500	Restricted Revenue from the Federal Government Through the State	\$ 675,283	\$ 661,283	\$ 497,836	\$ (163,447)
<u>Disbursements</u>					
Instruction:					
1272	Title I	675,283	656,283	644,717	11,566
Support Services:					
2210	Improvement of Instruction Services	-	-	3,467	(3,467)
2240	Instructional Staff Development	-	5,000	-	5,000
	Total Support Services	-	5,000	3,467	1,533
	Total Disbursements	675,283	661,283	648,184	13,099
Receipts Over / (Under) Disbursements		-	-	(150,348)	(150,348)
Beginning Fund Balance		-	-	-	-
Ending Fund Balance		\$ -	\$ -	\$ (150,348)	\$ (150,348)

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
K-12 Music Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ -	\$ 100	\$ -	\$ (100)
<u>Disbursements</u>				
Instruction:				
1111 Elementary, K-5 or K-6	-	100	88	12
Receipts Over / (Under) Disbursements	-	-	(88)	(88)
Beginning Fund Balance	-	-	96	96
Ending Fund Balance	\$ -	\$ -	\$ 8	\$ 8

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Homestead Youth and Family Services Grant Fund 2011-2013
Fiscal Year Ended June 30, 2014**

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
State Sources:					
3299	Other Restricted Grants-in-Aid	\$ -	\$ -	\$ 164,695	\$ 164,695
Federal Sources:					
4500	Restricted Revenue from the Federal Government Through the State	-	-	1,756	1,756
	Total Receipts	-	-	166,451	166,451
<u>Disbursements</u>					
Instruction:					
1220	Restrictive Programs for Students with Disabilities	-	-	-	-
Receipts Over / (Under) Disbursements		-	-	166,451	166,451
Beginning Fund Balance		-	-	(166,451)	(166,451)
Ending Fund Balance		\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Homestead Youth and Family Services Grant Fund 2013-2015
Fiscal Year Ended June 30, 2014**

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
State Sources:					
3299	Other Restricted Grants-in-Aid	\$ 399,000	\$ 409,000	\$ 405,894	\$ (3,106)
Federal Sources:					
4500	Restricted Revenue from the Federal Government Through the State	28,000	28,000	16,415	(11,585)
	Total Receipts	427,000	437,000	422,309	(14,691)
<u>Disbursements</u>					
Instruction:					
1220	Restrictive Programs for Students with Disabilities	417,000	427,000	435,208	(8,208)
1250	Less Restrictive Programs for Students with Disabilities	10,000	10,000	-	10,000
	Total Disbursements	427,000	437,000	435,208	1,792
Receipts Over / (Under) Disbursements		-	-	(12,899)	(12,899)
Beginning Fund Balance		-	-	-	-
Ending Fund Balance		\$ -	\$ -	\$ (12,899)	\$ (12,899)

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Buck Boosters Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 50,000	\$ 50,000	\$ 38,458	\$ (11,542)
<u>Disbursements</u>				
Instruction:				
1132 High School Extracurricular	50,000	50,000	36,244	13,756
Receipts Over / (Under) Disbursements	-	-	2,214	2,214
Beginning Fund Balance	-	-	(2,214)	(2,214)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Title IIA Quality Teacher 2013-14 Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ 149,342	\$ 158,842	\$ 158,703	\$ (139)
<u>Disbursements</u>				
Support Services:				
2210 Improvement of Instruction Services	50,012	50,012	61,387	(11,375)
2240 Instructional Staff Development	87,325	96,825	86,205	10,620
2640 Staff Services	12,005	12,005	11,111	894
Total Disbursements	149,342	158,842	158,703	139
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Title IIA Quality Teacher 2012-13 Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Federal Sources:				
4500 Restricted Revenue from the Federal Government Through the State	\$ 45,000	\$ 11,500	\$ 4,904	\$ (6,596)
<u>Disbursements</u>				
Support Services:				
2210 Improvement of Instruction Services	20,000	-	-	-
2240 Instructional Staff Development	20,000	6,500	-	6,500
2640 Staff Services	5,000	5,000	-	5,000
Total Disbursements	45,000	11,500	-	11,500
Receipts Over / (Under) Disbursements	-	-	4,904	4,904
Beginning Fund Balance	-	-	(4,904)	(4,904)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
P-3 Alignment Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ -	\$ 4,000	\$ 75,000	\$ 71,000
<u>Disbursements</u>				
Support Services:				
2240 Instructional Staff Development	-	4,000	247	3,753
Receipts Over / (Under) Disbursements	-	-	74,753	74,753
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 74,753	\$ 74,753

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
OPEN Grant Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
<u>Disbursements</u>				
Instruction:				
1121 Middle School Programs	5,000	5,000	-	5,000
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
EOCI State of Oregon Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ -	\$ -	\$ -	\$ -
<u>Disbursements</u>				
Instruction:				
1131 High School Programs	-	-	-	-
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	580	580
Ending Fund Balance	\$ -	\$ -	\$ 580	\$ 580

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Midco Donations Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ -	\$ -	\$ 100	\$ 100
<u>Disbursements</u>				
Instruction:				
1131 High School Programs	-	-	-	-
Receipts Over / (Under) Disbursements	-	-	100	100
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 100	\$ 100

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
CTSO Chapter Grants Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ -	\$ 3,500	\$ 3,200	\$ (300)
<u>Disbursements</u>				
Instruction:				
1131 High School Programs	-	3,500	3,200	300
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Back to School with the Right Tools Fund
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
<u>Disbursements</u>				
Support Services:				
2540 Operation and Maintenance				
of Plant Services	1,000	1,000	1,000	-
Receipts Over / (Under) Disbursements	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Wal-Mart Grant Funds
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
<u>Disbursements</u>				
Instruction:				
1111 Elementary, K-5 or K-6	1,250	1,250	17	1,233
Receipts Over / (Under) Disbursements	(250)	(250)	(17)	233
Beginning Fund Balance	250	250	236	(14)
Ending Fund Balance	\$ -	\$ -	\$ 219	\$ 219

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Special Donations Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1920 Contributions and Donations				
From Private Sources	\$ 30,000	\$ 24,500	\$ 7,149	\$ (17,351)
Total Receipts	30,000	24,500	7,149	(17,351)
<u>Disbursements</u>				
Instruction:				
1111 Elementary, K-5 or K-6	22,500	22,500	11,814	10,686
1121 Middle/Junior High Programs	5,000	5,000	5,746	(746)
1131 High School Programs	7,500	4,000	321	3,679
1132 High School Extracurricular	5,000	3,000	11,610	(8,610)
Total Instruction	40,000	34,500	29,491	5,009
Support Services:				
2120 Guidance Services	5,000	5,000	3,018	1,982
2210 Improvement of Instruction Services	10,000	10,000	29	9,971
2240 Instructional Staff Development	-	-	4,361	(4,361)
2410 Office of Principal	-	-	365	(365)
Total Support Services	15,000	15,000	7,773	7,227
Total Disbursements	55,000	49,500	37,264	12,236
Receipts Over / (Under) Disbursements	(25,000)	(25,000)	(30,115)	(5,115)
Beginning Fund Balance	25,000	25,000	42,618	17,618
Ending Fund Balance	\$ -	\$ -	\$ 12,503	\$ 12,503

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Associated Student Body Fund
Fiscal Year Ended June 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1700 Extracurricular Activities	\$ 620,000	\$ 620,000	\$ 640,488	\$ 20,488
<u>Disbursements</u>				
Instruction:				
1113 Elementary Extracurricular	90,000	90,000	30,804	59,196
1122 Middle / Junior High School Extracurricular	180,000	180,000	88,389	91,611
1132 High School Extracurricular	470,000	470,000	383,999	86,001
Total Disbursements	740,000	740,000	503,192	236,808
Receipts Over / (Under) Disbursements	(120,000)	(120,000)	137,296	257,296
Other Financial Sources / (Uses):				
Transfer to Other Funds	(80,000)	(80,000)	(76,199)	3,801
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	(200,000)	(200,000)	61,097	261,097
Beginning Fund Balance	200,000	200,000	186,231	(13,769)
Ending Fund Balance	\$ -	\$ -	\$ 247,328	\$ 247,328

Pendleton School District #16R
Umatilla County, Oregon

Budgetary Comparison Schedule
Bond Interest and Redemption (BIRF-LGIP) Fund
Fiscal Year Ended June 30, 2014

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
Local Sources:					
1110	Ad Valorem Taxes Levied by District	\$ 2,518,875	\$ 2,518,875	\$ 2,680,714	\$ 161,839
1500	Earnings on Investments	15,000	15,000	9,363	(5,637)
Total Receipts		2,533,875	2,533,875	2,690,077	156,202
<u>Disbursements</u>					
Other Uses:					
5100	Debt Service	2,744,119	2,744,119	2,486,246	257,873
Receipts Over / (Under) Disbursements		(210,244)	(210,244)	203,831	414,075
Beginning Fund Balance		2,422,181	2,422,181	2,774,756	352,575
Ending Fund Balance		\$ 2,211,937	\$ 2,211,937	\$ 2,978,587	\$ 766,650

See Auditor's Report

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
PERS Bond Fund 2002
Fiscal Year Ended June 30, 2014**

		Budget			Variance with
		Original	Final	Actual	Final Budget
<u>Receipts</u>					
Local Sources:					
1500	Earnings on Investments	\$ 5,000	\$ 5,000	\$ 2,266	\$ (2,734)
1970	Services Provided Other Funds	876,000	876,000	852,120	(23,880)
Total Receipts		881,000	881,000	854,386	(26,614)
<u>Disbursements</u>					
Other Uses:					
5100	Debt Service	881,000	881,000	854,350	26,650
Receipts Over / (Under) Disbursements		-	-	36	36
Beginning Fund Balance		5,000	5,000	2,672	(2,328)
Ending Fund Balance		\$ 5,000	\$ 5,000	\$ 2,708	\$ (2,292)

See Independent Auditor's Report

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
PERS Bond Fund 2003
Fiscal Year Ended June 30, 2014**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Local Sources:				
1500 Earnings on Investments	\$ 5,000	\$ 5,000	\$ 3,013	\$ (1,987)
1970 Services Provided Other Funds	1,130,000	1,130,000	1,111,728	(18,272)
Total Receipts	1,135,000	1,135,000	1,114,741	(20,259)
<u>Disbursements</u>				
Other Uses:				
5100 Debt Service	1,135,000	1,135,000	1,114,744	20,256
Receipts Over / (Under) Disbursements	-	-	(3)	(3)
Beginning Fund Balance	5,000	5,000	3,016	(1,984)
Ending Fund Balance	\$ 5,000	\$ 5,000	\$ 3,013	\$ (1,987)

See Independent Auditor's Report

**Pendleton School District #16R
Umatilla County, Oregon**

**Budgetary Comparison Schedule
Capital Projects Fund
Fiscal Year Ended June 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Receipts</u>				
Local Sources:				
1500 Earnings on Investments	\$ -	\$ -	\$ 88,896	\$ 88,896
1990 Miscellaneous	-	-	5,000	5,000
Total Receipts	-	-	93,896	93,896
<u>Disbursements</u>				
Support Services:				
2520 Fiscal Services	-	50,000	30,485	19,515
Facilities Acquisition and Construction:				
4110 Service Area Direction	-	26,087,965	1,396,360	24,691,605
4150 Building Acquisition, Construction, and Improvement	-	31,567,396	14,700	31,552,696
Total Disbursements	-	57,705,361	1,441,545	56,263,816
Receipts Over / (Under) Disbursements	-	(57,705,361)	(1,347,649)	56,357,712
Other Financing Sources / (Uses):				
General Obligation Bond Proceeds		54,266,340	54,266,340	-
Premium Received on Issuance of General Obligation Bonds		3,439,021	3,439,021	-
Receipts and Other Sources Over / (Under) Disbursements / (Uses)	-	-	56,357,712	56,357,712
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 56,357,712	\$ 56,357,712

See Independent Auditor's Report

Other Information:
Other Financial Schedules

Pendleton School District #16R
Umatilla County, Oregon

Schedule of Property Tax Transactions
Year Ended June 30, 2014

Tax Year		Uncollected Taxes at 7/1/2013	2013-2014 Levy	Add Interest	(Less) Discounts	(Less) Adjustments	(Less) Collections	Uncollected Taxes at 6/30/2014
2013-2014	General	\$ -	\$ 5,152,496	\$ 2,446	\$ (131,047)	\$ (16,016)	\$ (4,835,129)	\$ 172,750
	Bond	-	2,710,050	1,287	(68,926)	(8,424)	(2,543,125)	90,862
	Special Levy	-	287,411	136	(7,310)	(893)	(269,708)	9,636
2012-2013	General	179,039	-	7,839	-	(2,443)	(98,921)	85,514
	Bond	90,832	-	3,977	-	(1,240)	(50,186)	43,383
	Special Levy	10,027	-	439	-	(137)	(5,541)	4,788
2011-2012	General	109,368	-	10,978	-	(1,535)	(74,461)	44,350
	Bond	55,719	-	5,593	-	(782)	(37,935)	22,595
	Special Levy	6,696	-	672	-	(94)	(4,558)	2,716
2010-2011	General	67,051	-	14,802	-	(600)	(58,381)	22,872
	Bond	23,851	-	5,266	-	(213)	(20,768)	8,136
	Special Levy	4,289	-	947	-	(39)	(3,734)	1,463
2009-2010	General	35,386	-	12,440	-	(583)	(42,368)	4,875
	Bond	17,486	-	6,147	-	(288)	(20,936)	2,409
	Special Levy	2,405	-	846	-	(40)	(2,880)	331
2008-2009	General	7,957	-	2,667	-	(449)	(7,286)	2,889
	Bond	3,842	-	1,288	-	(217)	(3,518)	1,395
	Special Levy	541	-	181	-	(30)	(495)	197
2007-2008	General	4,937	-	2,808	-	(442)	(6,695)	608
	Bond	2,434	-	1,384	-	(218)	(3,300)	300
	Special Levy	300	-	171	-	(27)	(407)	37
2006-2007	General	756	-	76	-	(55)	(163)	614
	Bond	339	-	34	-	(25)	(73)	275
	Special Levy	44	-	4	-	(3)	(10)	35
2005-2006	General	712	-	73	-	(205)	(145)	435
	Bond	343	-	35	-	(99)	(70)	209
	Special Levy	39	-	4	-	(11)	(8)	24
2004-2005	General	457	-	80	-	-	(154)	383
	Bond	217	-	38	-	-	(73)	182
	Special Levy	37	-	6	-	-	(12)	31
2003-2004	General	394	-	171	-	-	(314)	251
	Bond	171	-	74	-	-	(137)	108
	Special Levy	30	-	13	-	-	(24)	19
2002-2003	General	293	-	133	-	-	(233)	193
	Bond	118	-	54	-	-	(94)	78
	Special Levy	24	-	10	-	-	(18)	16
2001-2002	General	181	-	112	-	-	(190)	103
	Bond	71	-	45	-	-	(76)	40
	Special Levy	14	-	9	-	-	(16)	7
2000-2001	General	160	-	28	-	-	(46)	142
	Bond	64	-	11	-	-	(19)	56
	Special Levy	13	-	2	-	-	(4)	11
1999-2000	General	245	-	123	-	-	(108)	260
	Bond	95	-	48	-	-	(42)	101
1998-1999	General	197	-	23	-	-	(35)	185
	Bond	76	-	9	-	-	(13)	72
1997-1998	General	108	-	23	-	-	(34)	97
	Bond	42	-	2	-	-	(2)	42
Prior	General	1,209	-	-	-	-	-	1,209
		\$ 628,609	\$ 8,149,957	\$ 83,554	\$ (207,283)	\$ (35,108)	\$ (8,092,445)	\$ 527,284
<u>Summary</u>								
	General	\$ 408,450	\$ 5,152,496	\$ 54,822	\$ (131,047)	\$ (22,328)	\$ (5,124,663)	\$ 337,730
	Bond	195,700	2,710,050	25,292	(68,926)	(11,506)	(2,680,367)	170,243
	Special Levy	24,459	287,411	3,440	(7,310)	(1,274)	(287,415)	19,311
		\$ 628,609	\$ 8,149,957	\$ 83,554	\$ (207,283)	\$ (35,108)	\$ (8,092,445)	\$ 527,284

See Independent Auditor's Report

**Pendleton School District #16R
Umatilla County, Oregon**

**Supplemental Information Required by the Oregon State Department of Education
Fiscal Year Ended June 30, 2014**

A. Energy Bills for Heating – All Funds:

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

	Objects 325 and 326
Function 2540	\$ 559,111
Function 2550	\$ -

B. Replacement of Equipment – General Fund:

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

\$ -

Exclude these functions:

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

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services

Pendleton School District #16R
Umatilla County, Oregon

Supplemental Information Required by the Oregon State Department of Education (3211c)
Fiscal Year Ended June 30, 2014

Revenue from Local Sources

	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	7,805,033	5,124,665	-	2,680,368	-	-	-	-
1120 Local Option Ad Valorem Taxes Levied by District	287,415	287,415	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	1,041	695	-	346	-	-	-	-
1200 Revenue from Local Governmental Units Other Than Districts	-	-	-	-	-	-	-	-
1311 Regular Day School Tuition - From Individuals	1,912	1,912	-	-	-	-	-	-
1312 Regular Day School Tuition - Other Dist Within State	-	-	-	-	-	-	-	-
1313 Regular Day School Tuition - Other Districts Outside	-	-	-	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-	-
1411 Transportation Fees - From Individuals	-	-	-	-	-	-	-	-
1412 Transportation Fees - Other Dist Within State	-	-	-	-	-	-	-	-
1413 Transportation Fees - Other Districts Outside	-	-	-	-	-	-	-	-
1420 Summer School Transportation Fees	-	-	-	-	-	-	-	-
1500 Earnings on Investments	188,845	31,786	53,520	14,643	88,896	-	-	-
1600 Food Service	264,293	-	264,293	-	-	-	-	-
1700 Extracurricular Activities	654,283	13,795	640,488	-	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-	-	-
1910 Rentals	70,706	70,706	-	-	-	-	-	-
1920 Contributions and Donations From Private Sources	237,712	12,064	225,648	-	-	-	-	-
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	115,000	115,000	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-	-
1970 Services Provided Other Funds	1,963,848	-	-	1,963,848	-	-	-	-
1980 Fees Charged to Grants	-	-	-	-	-	-	-	-
1990 Miscellaneous	179,671	96,246	78,425	-	5,000	-	-	-
Total Revenue from Local Sources	11,769,759	5,754,284	1,262,374	4,659,205	93,896	-	-	-

Revenue from Intermediate Sources

	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds	59,789	59,789	-	-	-	-	-	-
2102 General ESD Revenue	-	-	-	-	-	-	-	-
2103 Excess ESD Local Revenue	-	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-	-
2110 Intermediate "I" Tax	-	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-	-
2200 Restricted Revenue	15,000	15,000	-	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	74,789	74,789	-	-	-	-	-	-

Revenue from State Sources

	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	19,096,684	19,096,684	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	12,962	-	12,962	-	-	-	-	-
3103 Common School Fund	289,194	289,194	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-	-
3106 State School Fund - Accrual	-	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	164,921	164,921	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	1,232,000	1,232,000	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	874,929	-	874,929	-	-	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from State Sources	21,670,690	20,782,799	887,891	-	-	-	-	-

Revenue from Federal Sources

	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government	-	-	-	-	-	-	-	-
4200 Unrestricted Revenue From the Federal Government Through the State	-	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	-	-	-	-	-	-	-	-
4500 Restricted Revenue From the Federal Government Through the State	1,776,346	905	1,775,441	-	-	-	-	-
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	300,938	-	300,938	-	-	-	-	-
4801 Federal Forest Fees	716	716	-	-	-	-	-	-
4802 Impact Aid to School Districts for Operation (PL 874)	260,349	260,349	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	66,875	-	66,875	-	-	-	-	-
Total Revenue from Federal Sources	2,405,224	261,970	2,143,254	-	-	-	-	-

Revenue from Other Sources

	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources	57,705,361	-	-	-	57,705,361	-	-	-
5200 Interfund Transfers	112,689	76,199	36,490	-	-	-	-	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance	8,950,333	4,876,046	1,293,843	2,780,444	-	-	-	-
Total Revenue from Other Sources	66,768,383	4,952,245	1,330,333	2,780,444	57,705,361	-	-	-

Grand Totals

	Totals	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
	102,688,845	31,826,087	5,623,852	7,439,649	57,799,257	-	-	-

Pendleton School District #16R
Umatilla County, Oregon

Supplemental Information Required by the Oregon State Department of Education (3211c)
Fiscal Year Ended June 30, 2014

Fund: 100 General Fund

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	5,861,863	3,799,004	1,797,065	26,956	238,752	-	86	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle/Junior High Programs	3,008,574	1,984,641	936,533	7,336	80,064	-	-	-
1122 Middle/Junior High School Extracurricular	88,417	66,981	14,503	3,491	3,442	-	-	-
1131 High School Programs	3,441,393	2,221,426	1,111,456	16,208	88,423	-	3,880	-
1132 High School Extracurricular	422,048	265,883	47,422	84,957	15,419	-	8,367	-
1140 Pre-Kindergarten Programs	30,135	-	-	28,157	1,978	-	-	-
1210 Programs for the Talented and Gifted	220	-	-	-	-	-	220	-
1220 Restrictive Programs for Students with Disabilities	371	341	30	-	-	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	2,861,804	1,626,726	1,202,432	22,986	9,435	-	225	-
1260 Treatment and Habilitation	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	-	-	-	-	-	-	-	-
1280 Alternative Education	983,119	354,364	199,114	395,083	34,458	-	100	-
1291 English Second Language Programs	104,522	68,746	28,992	789	5,995	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	16,802,466	10,388,112	5,337,547	585,963	477,966	-	12,878	-

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	16,051	-	-	16,051	-	-	-	-
2120 Guidance Services	968,277	634,104	326,939	12	7,222	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	36,764	22,467	14,297	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	170,964	114,112	55,004	1,590	71	-	187	-
2210 Improvement of Instruction Services	47,643	-	44,605	2,684	354	-	-	-
2220 Educational Media Services	247,036	120,525	104,114	-	22,092	-	305	-
2230 Assessment & Testing	2,562	-	-	2,562	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2310 Board of Education Services	118,859	-	-	40,191	1,845	-	76,823	-
2320 Executive Administration Services	554,252	342,412	149,964	42,651	14,145	-	5,080	-
2410 Office of the Principal Services	2,055,008	1,258,201	640,429	95,570	49,683	-	11,125	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	386,808	144,557	75,696	38,951	9,366	-	118,238	-
2540 Operation and Maintenance of Plant Services	2,747,980	967,431	591,440	919,159	261,354	6,033	2,563	-
2550 Student Transportation Services	1,776,549	-	-	1,776,549	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	399,516	-	-	119,941	279,575	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	407,403	316,218	91,185	-	-	-	-	-
Total Support Services Expenditures	9,935,672	3,920,027	2,093,673	3,055,911	645,707	6,033	214,321	-

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	-	-	-	-	-	-	-	-

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	3,650	-	-	-	-	-	3,650	-
5200 Transfers of Funds	36,490	-	-	-	-	-	-	36,490
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	40,140	-	-	-	-	-	3,650	36,490

Grand Totals

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
	26,778,278	14,308,139	7,431,220	3,641,874	1,123,673	6,033	230,849	36,490

**Pendleton School District #16R
Umatilla County, Oregon**

**Supplemental Information Required by the Oregon State Department of Education (3211c)
Fiscal Year Ended June 30, 2014**

Fund: 200 Special Revenue Funds

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	37,983	5,000	-	4,477	28,506	-	-	-
1113 Elementary Extracurricular	30,804	-	-	-	30,804	-	-	-
1121 Middle/Junior High Programs	6,820	-	-	3,274	3,546	-	-	-
1122 Middle/Junior High School Extracurricular	88,389	-	-	-	88,389	-	-	-
1131 High School Programs	35,496	2,083	917	9,163	18,994	-	4,339	-
1132 High School Extracurricular	464,784	-	-	18,992	411,874	31,275	2,643	-
1140 Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210 Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220 Restrictive Programs for Students with Disabilities	435,294	278,049	139,226	10,075	7,944	-	-	-
1250 Less Restrictive Programs for Students with Disabilities	302,852	194,482	101,250	2,547	4,453	-	120	-
1260 Treatment and Habilitation	-	-	-	-	-	-	-	-
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title I	702,939	428,589	268,850	875	4,625	-	-	-
1280 Alternative Education	368	-	-	13	355	-	-	-
1291 English Second Language Programs	-	-	-	-	-	-	-	-
1292 Teen Parent Program	-	-	-	-	-	-	-	-
1293 Migrant Education	-	-	-	-	-	-	-	-
1294 Youth Corrections Education	-	-	-	-	-	-	-	-
1299 Other Programs	-	-	-	-	-	-	-	-
1300 Adult/Continuing Education Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction Expenditures	2,105,729	908,203	510,243	49,416	599,490	31,275	7,102	-

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	20,596	12,880	7,716	-	-	-	-	-
2120 Guidance Services	3,018	-	-	-	3,018	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160 Other Student Treatment Services	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210 Improvement of Instruction Services	350,445	158,216	24,442	125,229	42,413	-	145	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2230 Assessment & Testing	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	126,245	102,499	9,477	6,420	7,849	-	-	-
2310 Board of Education Services	8,437	6,100	2,337	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	2,813	-	-	-	2,813	-	-	-
2490 Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510 Direction of Business Support Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation and Maintenance of Plant Services	1,000	-	-	-	1,000	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2610 Direction of Central Support Services	-	-	-	-	-	-	-	-
2620 Planning, Research, Development, Evaluation Services, Grant	-	-	-	-	-	-	-	-
2630 Writing and Statistical Services	-	-	-	-	-	-	-	-
2630 Information Services	-	-	-	-	-	-	-	-
2640 Staff Services	11,112	8,159	2,953	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2670 Records Management Services	-	-	-	-	-	-	-	-
2690 Other Support Services - Central	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services Expenditures	523,666	287,854	46,925	131,649	57,093	-	145	-

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	1,241,570	6,801	612	1,122,104	98,272	10,806	2,975	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	1,241,570	6,801	612	1,122,104	98,272	10,806	2,975	-

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180 Other Capital Items	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	-	-	-	-	-	-	-	-

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfers of Funds	76,199	-	-	-	-	-	-	76,199
5300 Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400 PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	76,199	-	-	-	-	-	-	76,199

Grand Totals

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
	3,947,164	1,202,858	557,780	1,303,169	754,855	42,081	10,222	76,199

Supplemental Information Required by the Oregon State Department of Education (3211c)
Fiscal Year Ended June 30, 2014

Instruction Expenditures

Total Instruction Expenditures

2110 Attendance and Social Work Services

Total Support Services Expenditures

3100 Food Services

Total Enterprise and Community Services Expenditures

4110 Service Area Direction

Total Facilities Acquisition and Construction Expenditures

5100	Debt Service
5200	Transfers of Funds
5300	Apportionment of Funds by ESD
5400	PERS UAL Bond Lump Sum

3400 - FERS OGE Bond Comp Sum	-	-	-	-	-	-	-	-
Total Other Uses Expenditures	-	-	-	-	-	-	-	-

Grand Totals	1,441,544	-	-	1,108,720	2,211	10,057	320,556	-
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COMPLIANCE SECTION

Cockburn & McClintock, LLC

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the Pendleton School District #16R (the District) as of and for the year ended June 30, 2014, and have issued our report thereon dated November 25, 2014. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

The District was not in compliance with Oregon Bid Law (ORS Chapters 279A, 279B, 279C) as it pertains to the fiscal year July 1, 2013 through June 30, 2014 for the purchase of a new floor scrubber totaling \$6,033 in that the District did not have adequate documentation for their reason why the vendor the floor scrubber was purchased from was selected when this vendor's quote was not the lowest quote of the informal quotes obtained.

In addition, the District was not in compliance with Oregon State School Fund factors and calculations as it pertains to the fiscal year July 1, 2012 through June 30, 2013 as follows:

During our walk-through of the design and implementation of internal controls over the Oregon State School Fund process, we noted that one student was claimed as an ELL student on the 2012-2013 Cumulative ADM Annual Report that was submitted to the Oregon Department of Education. However, this student never took an updated ELPA test when he moved to the District nor was the District able to provide documentation to prove that this student actually received any ELL program services during the fiscal year.

OAR 162-10-0230 Internal Control

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

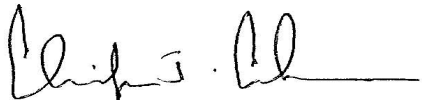
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

We noted "Other Internal Control Items" from the financial statement audit that we reported to the Board of Education and Management of the District in a separate letter dated November 25, 2014.

Restrictions on Use

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

Cockburn & McClintock, LLC

A handwritten signature in black ink, appearing to read "Chris J. Cockburn", followed by a horizontal line.

Christopher J. Cockburn, CPA
Licensed Municipal Auditor

November 25, 2014

Cockburn & McClintock, LLC

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

To the Board of Education
Pendleton School District #16R
Pendleton, Oregon 97801

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pendleton School District #16R (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph in 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted "Other Internal Control Items" from the financial statement audit that we reported to the Board of Education and Management of the District in a separate letter dated November 25, 2014.

Purpose of This Report

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

A handwritten signature in black ink, appearing to read "Cockburn & McClintock, LLC".

Cockburn & McClintock, LLC
Pendleton, Oregon
November 25, 2014

Cockburn & McClintock, LLC

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

To the Board of Education
Pendleton School District #16R
Pendleton, Oregon 97801

Report on Compliance for Each Major Federal Program

We have audited Pendleton School District #16R's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on CFDA #84.027 Special Education (IDEA) Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding CFDA #84.027 Special Education (IDEA) Cluster as described in finding number 2014-02 for Allowable Costs / Cost Principles. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on CFDA #84.027 Special Education (IDEA) Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph above, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA #84.027 Special Education (IDEA) Cluster for the fiscal year ended June 30, 2014.

Unmodified Opinion on CFDA #10.553, #10.555, and #10.559 Child Nutrition Cluster

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA #10.553, #10.555, and #10.559 Child Nutrition Cluster for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed one other instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and question costs as item 2014-03. Our opinion for CFDA #10.553, #10.555, and #10.559 Child Nutrition Cluster was not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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


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

A deficiency in internal control over compliance 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-02 to be a material weakness.

A significant deficiency in internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

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



Cockburn & McClintock, LLC
Pendleton, Oregon
November 25, 2014

**Pendleton School District #16R
Umatilla County, Oregon**

**Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2014**

Federal Grantor		Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Amount	Federal Revenues	Federal Expenditures
Pass-Through Grantor	Program or Cluster Title						
<u>U.S. Department of Agriculture:</u>							
Pass-Through Programs From:							
Oregon State Department of Education:							
Child Nutrition Cluster:							
	School Breakfast Program	10.553	3016001	7/1/13-6/30/14	\$ 203,145	\$ 203,145	\$ 203,145
	National School Lunch Program	10.555	3016001	7/1/13-6/30/14	677,555	677,555	677,555
	Summer Food Service Program for Children	10.559	3016001	7/1/13-6/30/14	32,239	32,239	32,239
Subtotal Department of Agriculture Pass-Through Program From Oregon State Department of Education and Total Child Nutrition Cluster					912,939	912,939	912,939
Umatilla County, Oregon:							
	Forest Service Schools and Roads Grants to States	10.665		7/1/12-6/30/13	716	716	716
Total U.S. Department of Agriculture					913,655	913,655	913,655
<u>U.S. Department of Education:</u>							
Direct Programs:							
	Impact Aid (Title VIII of ESEA)	84.041		7/1/13-6/30/14	300,000	260,349	260,349
Pass-Through Programs From:							
Oregon State Department of Education:							
	Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	25317	7/1/12-9/30/13	757,752	204,923	58,311
	Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	28197	7/1/13-9/30/14	672,610	497,836	648,184
	Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	28272	7/1/13-9/30/14	20,596	20,596	20,596
Total Grants to Local Educational Agencies (Title I, Part A of ESEA)					1,450,958	723,355	727,091
	Program for Neglected and Delinquent Children and Youth (Title I, Part D of ESEA)	84.013	29644	7/1/13-6/30/15	36,479	8,539	35,381
	Special Education - State Personnel Development (IDEA Part D, Section 654)	84.323	25088	7/1/12-6/30/13	6,000	1,500	404
	SchoolWide Integrated Framework for Transformation Grant (IDEA Part D, Section 663)	84.326	29652	8/1/13-8/31/14	17,600	16,252	17,814
	Improving Teacher Quality State Grants (Title II, Part A of ESEA)	84.367	25545	7/1/12-9/30/13	165,936	4,904	-
	Improving Teacher Quality State Grants (Title II, Part A of ESEA)	84.367	28715	7/1/13-9/30/14	158,703	158,703	158,703
Total Improving Teacher Quality State Grants (Title II, Part A of ESEA)					324,639	163,607	158,703
Subtotal Department of Education Pass-Through Programs From Oregon State Department of Education					1,835,676	913,253	939,393
InterMountain Education Service District:							
Special Education (IDEA) Cluster:							
	Special Education - Grants to States (IDEA Part B, Section 611)	84.027	26701	7/1/12-9/30/14	579,286	78,797	78,797
	Special Education - Grants to States (IDEA Part B, Section 611)	84.027	28462	7/1/13-9/30/15	553,617	222,141	218,069
Subtotal Department of Education Special Education (IDEA) Cluster Pass-Through Program From InterMountain Education Service District					1,132,903	300,938	296,866
Oregon State Department of Education:							
Special Education (IDEA) Cluster:							
	Long Term Care and Treatment Education Program (IDEA Part B, Section 611)	84.027		7/1/11-6/30/13	-	1,756	-
	Special Education Extended Assessment Grant (IDEA Part B, Section 611)	84.027	27679	7/1/13-6/30/14	900	668	668
	Special Performance Review & Improvement Grant (IDEA Part B, Section 611)	84.027	27970	8/1/13-6/30/14	3,245	2,780	2,847
	Long Term Care and Treatment Education Program (IDEA Part B, Section 611)	84.027	29674	7/1/13-6/30/15	15,589	7,877	15,589
	Special Education Enhancement Grant (IDEA Part B, Section 611)	84.027	29850	10/1/13-9/30/14	5,305	3,043	3,139
Subtotal Department of Education Special Education (IDEA) Cluster Pass-Through Program From Oregon State Department of Education					25,039	16,124	22,243
Total Special Education (IDEA) Cluster					1,157,942	317,062	319,109
Total U.S. Department of Education					3,293,618	1,490,664	1,518,851
<u>U.S. Department of Health and Human Services:</u>							
Pass-Through Programs From:							
Oregon State Department of Education:							
	ARRA - Early Childhood Matters Grant (Kindergarten Readiness)	93.708	27538	3/1/12-9/20/13	1,500	905	905
Total U.S. Department of Health and Human Services					1,500	905	905
Total Federal Awards					\$ 4,208,773	\$ 2,405,224	\$ 2,433,411

Pendleton School District #16R
Umatilla County, Oregon

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2014

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (this Schedule) includes the federal grant activity of Pendleton School District #16R (the District) under programs of the federal government for the fiscal year ended June 30, 2014. 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*. Because this Schedule presents only a selected portion of the operations to the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

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

Pass-through entity identifying numbers are presented where available.

Note 3 – Food Donation

Nonmonetary assistance is reported in this Schedule at the fair market value of the commodities received and disbursed. During the fiscal year ended June 30, 2014, the District received approximately \$66,875 in commodities passed from the United States Department of Agriculture through the Oregon State Department of Education which is reported as follows:

<u>Federal CFDA #</u>	<u>Program</u>	<u>Amount</u>
10.555	National School Lunch Program	\$ 66,713
10.559	Summer Food Service Program for Children	162
		<u>\$ 66,875</u>

Pendleton School District #16R
Umatilla County, Oregon

Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Pendleton School District #16R.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Pendleton School District #16R, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One material weakness relating to the audit of the major federal award programs is reported in the *INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133*. No significant deficiencies are reported.
5. The auditor's report on compliance for the major federal award programs for Pendleton School District #16R expresses a qualified opinion on CDFA #84.027 Special Education (IDEA) Cluster and an unmodified opinion on CDFA #10.553 and #10.555 Child Nutrition Cluster.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:
 - Child Nutrition Cluster, CFDA #10.553, #10.555, and #10.559
 - Special Education (IDEA) Cluster, CFDA #84.027
8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. Pendleton School District #16R was determined to be a low-risk auditee.

B. FINDINGS—FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

2014-01: Employee Time-and-Effort Documentation (Material Weakness)

CFDA #: 84.027

Program Title: Special Education (IDEA) Cluster

Pass-Through Entity Identifying Number: Intermountain ESD #26701 and #28462 Oregon State Department of Education #29674

Grant Period: 7/1/12 – 9/30/14, 7/1/13 – 9/30/15, and 7/1/13 – 6/30/15

Compliance Requirement: Allowable Costs / Cost Principles

See Independent Auditor's Reports

Pendleton School District #16R
Umatilla County, Oregon

Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2014

Condition: During our tests of controls over compliance and substantive tests of compliance, we noted that three Special Education Teachers did not have their salaries and associated payroll costs that were charged to the "IDEA" Fund #213 and the "Homestead 13/14 & 14/15" Fund #271 properly certified for time-and-effort. Time-and-effort was not properly certified for one Special Education Teacher that had 50% of her salary and associated payroll costs charged to the "Homestead 13/14 & 14/15" Fund #271 for the entire 2013-2014 fiscal year. Time-and-effort was not properly certified for one Special Education Teacher that had 100% of her salary and associated payroll costs charged to the "IDEA" Fund #213 for September, October, and November 2013. Finally, time-and-effort was not properly certified for another Special Education Teacher that had 100% of her salary and associated payroll costs charged to the "IDEA" Fund #213 for July and August 2013.

Criteria: Per the "Department of Education" Part 4 cross-cutting section of the March 2014 *OMB Circular A-133 Compliance Supplement* and OMB Circular A-87, time-and-effort requirements for all employees must fall under 1 of the 2 following circumstances: (1) An employee who works solely on a single cost objective must furnish a semi-annual certification that he/she has been engaged solely in activities that support the single cost objective. The certification must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee. -OR- (2) An employee who works in part on a single cost objective and in part on a Federal program whose administrative funds have not been consolidated or on activities funded from other revenue sources must maintain time and effort distribution records documenting the portion of time and effort dedicated to the single cost objective and each program or other cost objective supported by non-consolidated Federal funds or other revenue sources. These certifications must be signed by the employee and a supervisory official having first-hand knowledge of the work performed by the employee.

Cause: The time-and-effort certifications for these three Special Education Teachers were simply overlooked.

Effect: Three Special Education Teachers' salaries and associated payroll costs that were charged to the "IDEA" Fund #213 and the "Homestead 13/14 & 14/15" Fund #271 were not properly certified for their time-and-effort to be in compliance with the Allowable Costs / Cost Principles compliance requirement for the Special Education (IDEA) Cluster major program.

Questioned Costs: This finding resulted in \$34,017 total in questioned costs from our testing in our sample. When you extrapolate this noncompliance finding to the total population of 50% of one Special Education Teacher's paychecks for the entire 2013-2014 fiscal year, 100% of one Special Education Teacher's paychecks for three months of the 2013-2014 fiscal year, and 100% of another Special Education Teacher's paychecks for two months of the 2013-2014 fiscal year, the total questioned costs is \$61,717.

Recommendation: We recommend that all employees who have their salaries and associated payroll costs charged to any Special Education (IDEA) Fund complete time-and-effort certifications to be in compliance with the Allowable Costs / Cost Principles compliance requirement for the Special Education (IDEA) Cluster Federal program.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. Every effort will be made to make sure that the District has time-and-effort certifications for all IDEA employees and that these certifications are complete.

**Pendleton School District #16R
Umatilla County, Oregon**

**Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2014**

2014-02: Verification of Free and Reduced Price Applications (Other Noncompliance Matter)

CFDA #: 10.555

Program Title: National School Lunch Program (Child Nutrition Cluster)

Pass-Through Entity Identifying Number: Oregon State Department of Education #3016001

Grant Period: 7/1/13 – 6/30/14

Compliance Requirement: Special Tests and Provisions

Condition: During our tests of controls over compliance and substantive tests of compliance, we noted that the income was incorrectly calculated for one out of eight total free and reduced price applications that were verified by the School District.

Criteria: Per the "United States Department of Agriculture" Part 4 of the March 2014 *OMB Circular A-133 Compliance Supplement* for the Child Nutrition Cluster, by November 15th of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The District must follow-up on children whose eligibility status has changed as a result of verification activities to put them in the correct category. Sources of information for verification include written evidence, collateral contracts, and system of records, as described in 7 CFR section 245.6a(b) (42 USC 1758(b)(3)(D) and (H)).

Cause: The District did not properly include child support income of \$790 per month in their calculation while verifying one household's free and reduced price application.

Effect: The District incorrectly calculated income of \$2,163 per month for a household of five, which resulted in this household receiving free meal benefits. The correct household income of \$2,953 per month would have resulted in an application status change to reduced price meals.

Questioned Costs: No questioned costs were noted as a result of this condition.

Recommendation: We recommend that the income verification results for the free and reduced price applications be reviewed for accuracy by the Supervisor of the person performing the verification process.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. The School District will make sure that the verification of free and reduced price applications process is performed correctly by having the Supervisor of the person performing the income verification review the results for accuracy.

Pendleton School District #16R
Umatilla County, Oregon

Summary Schedule of Prior Year Findings and Questioned Costs
Fiscal Year Ended June 30, 2014

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings noted for the financial statement audit for the prior fiscal year ended June 30, 2013.

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

2013-01: Verification of Free and Reduced Price Applications (Other Noncompliance Matter)

CFDA #: 10.555

Program Title: National School Lunch Program (Child Nutrition Cluster)

Pass-Through Entity Identifying Number: Oregon State Department of Education #3016001

Grant Period: 7/1/12 – 6/30/13

Compliance Requirement: Special Tests and Provisions

Condition: The income was incorrectly verified for 1 out of 8 total free and reduced price applications that were tested by the School District.

Criteria: Per the "United States Department of Agriculture" Part 4 of the March 2013 Compliance Supplement for the Child Nutrition Cluster, by November 15th of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The District must follow-up on children whose eligibility status has changed as a result of verification activities to put them in the correct category. Sources of information for verification include written evidence, collateral contracts, and system of records, as described in 7 CFR section 245.6a(b) (42 USC 1758(b)(3)(D) and (H)).

Cause: The District erroneously calculated pay that was received every two weeks as bi-monthly pay. As a result, two paychecks were added to arrive at income of \$2,287 per month (24 total pay periods for bi-monthly) when it actually averaged \$1,143 every two weeks (26 total pay periods for every two weeks).

Effect: The District incorrectly changed meal benefits for a household of two to reduced price meals when they should have been changed to full price meals.

Questioned Costs: No questioned costs were noted as a result of this condition.

Recommendation: We recommend that the income verification results for the free and reduced price applications are reviewed for accuracy by the Supervisor of the person performing the verification process.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. The School District will make sure that the verification of free and reduced price applications process is performed correctly by having the Supervisor of the person performing the income verifications review the results for accuracy.

Status: Please see finding number 2014-03 in the Schedule of Findings and Questioned Costs.

See Independent Auditor's Reports