

**SOUTH LANE SCHOOL DISTRICT
LANE COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015



12700 SW 72nd Ave.
Tigard, OR 97223

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2015

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SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

BOARD OF EDUCATION AS OF JUNE 30, 2015

<u>NAME</u>	<u>TERM EXPIRES</u>
Tammy Hodgkinson, Chair	June 30, 2015
Sherry Duerst-Higgins, Vice-Chair	June 30, 2017
Taylor Wilhour	June 30, 2017
Merlene Martin	June 30, 2015
Alan Baas	June 30, 2017
Joe Raade	June 30, 2015
Darin Hemenway	June 30, 2015

All board members receive mail at the address below

ADMINISTRATION

Krista Parent, Superintendent
Phil Scrima, Business Manager

455 Adams Avenue
Cottage Grove, Oregon 97424

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SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

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LANE COUNTY, OREGON

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December 22, 2015

To the Board of Directors
South Lane School District No. 45J3
Lane County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Lane School District No. 45J3, as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Emphasis of a Matter

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Lane School District No. 45J3, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

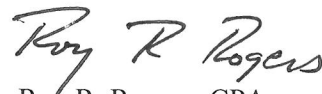
Other Information

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 22, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

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SOUTH LANE SCHOOL DISTRICT NO. 45J3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

The management of South Lane School District No. 45J3 (the District) presents this narrative overview to facilitate both a short-term and a long-term analysis of the financial activities of the District for the fiscal year ended June 30, 2015. This Management's Discussions and Analysis (MD&A) is based on current known facts, decisions, and conditions that existed at the date of the independent auditor's report.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the liabilities of the District exceeded its assets at June 30, 2015, by \$6,406,579. Of the Net Position presented, \$8,134,634 represents the District's investment in capital assets, \$422,278 is restricted for debt service, \$1,654,911 is restricted for special projects and the negative balance of \$16,618,402 is unrestricted and thus unavailable to meet the District's ongoing obligations. The District's change in net assets for the year was an increase of \$4,299,431 before a reduction of \$20,188,967 for the effects of implementing GASB Statements 68 and 71.
- The District's governmental funds report a combined ending fund balance of \$6,918,775 at June 30, 2015, an increase of \$1,735,923 including a reduction for a prior period adjustment of \$1,140,000.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,091,907, which represents 12.6 percent of the total General Fund expenditures for the fiscal year ended June 30, 2015.
- On June 30, 2015, the District's total debt was \$42,846,135.

OVERVIEW OF THE FINANCIAL STATEMENTS

This following discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to financial statements

This report also contains other supplementary information in addition to the basic financial statements.

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The *Statement of Net Position* presents information on all of the District's assets and liabilities as of the date on the statement. Net position equals what assets remain after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed over the most recent fiscal year by tracking revenues, expenses, and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category as governmental activities. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, and administration. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

Fund Financial Statements The fund financial statements provide more detailed information about the District's funds. 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District maintains seven fund types: the General Fund, the Special Revenue Funds, the Special Projects Funds, the Debt Service Funds, the Capital Projects Funds, the Internal Service Fund and the Fiduciary Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, liabilities exceed assets by \$6,406,579 on June 30, 2015.

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles, and equipment, represent 73 percent of total assets. The remaining assets consist mainly of cash and investments, receivables, and the net pension asset.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

The District's largest liability (97.2 percent) is for the repayment of long-term debt (general obligation bonds, QZA Bonds, PERS bonds, and capital lease obligations). Current liabilities consist almost entirely of the current portion of long-term debt, payables on accounts, and payroll benefits.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). The District uses the capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENTS OF NET ASSETS		
At June 30:		
	<u>2015</u>	<u>2014</u>
Cash and investments	\$ 7,870,869	\$ 5,933,529
Receivables	1,232,432	1,477,705
Capital assets	29,039,146	29,312,515
Other assets	<u>1,578,639</u>	<u>17,588,634</u>
Total assets	<u>39,721,085</u>	<u>54,312,383</u>
Noncurrent liabilities	42,846,135	43,427,138
Other liabilities	<u>1,248,218</u>	<u>1,402,289</u>
Total liabilities	<u>44,094,353</u>	<u>44,829,427</u>
Net Pension Related Deferrals	2,033,311	---
Net assets:		
Invested in capital assets, net of related debt	8,134,634	8,496,011
Restricted debt service	422,278	601,209
Restricted for capital projects	1,654,911	133,576
Unrestricted	<u>(16,618,403)</u>	<u>252,160</u>
Total net assets	<u>\$ (6,406,579)</u>	<u>\$ 9,482,956</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

During the 2014-2015 fiscal year the District's change in net position was a decreased of \$6,406,579. The key elements of the decrease in the District's net position for the year ended June 30, 2015 are as follows:

- 2014-2015 instruction and related services expenses decreased by \$998,187 and supporting services expenses decreased by \$985,451.
- 2014-2015 charges for services increased by \$62,284 and operating grants decreased by \$256,171.
- 2014-2015 net position decrease of \$15,889,536 as required by implementing GASB 68.

STATEMENTS OF ACTIVITIES		
For the Year Ended June 30:		
	<u>2015</u>	<u>2014</u>
Program revenues:		
Charges for services	\$ 1,181,577	\$ 1,119,293
Operating grants	3,129,720	3,385,891
General revenues:		
Taxes	8,047,263	7,861,717
State School Fund	19,874,954	18,071,322
Other state, county, and local sources	1,371,011	1,806,971
Earnings on investments	55,906	48,146
Total revenues	<u>33,660,430</u>	<u>32,293,340</u>
Expenses:		
Instruction and related services	14,894,267	15,892,454
Support services	11,277,760	12,263,211
Enterprise/Community services	1,449,318	1,438,529
Interest expense	1,739,653	1,812,763
Depreciation and amortization		
Total expenses	<u>29,360,998</u>	<u>31,406,957</u>
Change in net assets	4,299,431	886,383
Prior Period Adjustment	0	(223,780)
Net position, beginning of year as restated by GASB 68	<u>(10,706,011)*</u>	<u>8,820,353</u>
Net assets, end of year	<u>\$ (6,406,579)</u>	<u>\$ 9,482,956</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

*The beginning net position at July 1, 2014, does not equal the ending net position at June 30, 2014. Due to the implementation of GASB Statements 68 and 71, a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows.

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 relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2015, the District's governmental funds reported combined ending fund balances of \$6,918,775.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2015, unassigned fund balance was \$3,091,907. The unassigned fund balance represents 12.6 percent of the total General Fund expenditures.

Special Revenue Fund: This fund accounts for resources restricted for specific purposes. Revenues increased by \$66,998.

Special Projects Fund: This fund accounts for state and local grants restricted for specific purposes, food services, student body activities, and other special purpose revenues. Revenues increased by \$588,308.

Capital Projects Fund: The Capital Projects Fund expended \$694,893 for various building improvements throughout the district and \$75,822 for the purchase of other vehicles and equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year all General Fund expenditures were within budget. Actual revenues from federal sources exceeded budgeted amounts. Actual revenues from state sources exceeded budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets The District's investment in capital assets includes land, buildings and improvements, site improvements, vehicles, and equipment. As of June 30, 2015, the District had invested \$29,039,147 in capital assets, net of depreciation.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION, continued

CAPITAL ASSETS (NET OF DEPRECIATION) June 30:		
	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 890,489	\$ 890,489
Buildings and improvements	27,135,106	27,266,800
Vehicles and equipment	<u>1,013,552</u>	<u>1,155,226</u>
Total	<u>\$ 29,039,147</u>	<u>\$ 29,312,515</u>

Long-term debt At the end of the current fiscal year, the District had a total debt outstanding of \$42,846,135 consisting of general obligation bonds, QZA Bonds, PERS Bonds, termination of benefits and capital leases.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 2015-2016

The most significant economic factor for the District is the State of Oregon's State School Fund formula. The formula consists of a General Purpose Grant, a Transportation Grant, and certain local revenues. For the year ended June 30, 2015, the State School Fund General Purpose Grant provided 66.7 percent of the District's total revenues and 75.0 percent of the District's General Fund revenues. The 2015-2016 State School Fund is expected to be slightly more than the 2014-2015 revenue.

Salary and benefit costs will increase for the 2015-2016 school year based on current contractual obligations and a full school year calendar for classified staff. The licensed contract will be renegotiated during 2015-2016. It is anticipated that licensed staff will receive a modest increase in salaries of between 1.00 and 2.00 percent based on the annual movement of the consumer price index. The administrative and supervisory staff are also eligible to receive an increase equal to the licensed staff.

Total student enrollment decreased slightly in 2015-2016 and is expected to be flat or show modest growth in 2016-2017.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2016-2017 fiscal year. The District continues to use a significant amount of beginning fund balance to support the budget while maintaining a contingency reserve for catastrophic, unforeseen circumstances of \$1 million. This measured, steady approach along with improving economic conditions has enable the Board to adopt a budget that provides a full school year calendar, full-day kindergarten, and helps ensure that student academic performance will continue to improve.

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 requests for additional information should be addressed to the District's Business Manager at 455 Adams, Cottage Grove, OR 97424.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2015

ASSETS

Cash and Investments	\$ 7,870,869
Accounts Receivable	598,694
Taxes Receivable	633,738
Inventory	31,796
Capital Assets:	
Non-depreciable	890,489
Depreciable, net of depreciation	28,148,657
Net Pension Asset	<u>1,546,843</u>
 Total Assets	 <u>39,721,085</u>

LIABILITIES:

Accounts Payable	148,389
Accrued Withholdings and Benefits	1,075,884
Accrued Interest Payable	23,945
Noncurrent Liabilities:	
Due within one year	3,096,195
Due in more than one year	<u>39,749,940</u>
 Total Liabilities	 <u>44,094,353</u>

DEFERRED INFLOWS OF RESOURCES:

Net Pension Related Deferrals	<u>2,033,311</u>
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NET POSITION:

Net Investment in Capital Assets	8,134,634
Restricted:	
Debt Service	422,278
Special Projects	1,654,911
Unrestricted	<u>(16,618,402)</u>
 Total Net Position	 <u>\$ (6,406,579)</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 14,894,267	\$ 55,668	\$ 1,265,065	\$ (13,573,534)
Support Services	11,277,760	901,010	804,660	(9,572,089)
Enterprise/Community Services	1,449,318	224,898	1,059,995	(164,425)
Interest on Long-Term Debt	1,739,653	-	-	(1,739,653)
Total Governmental Activities	<u>\$ 29,360,998</u>	<u>\$ 1,181,577</u>	<u>\$ 3,129,720</u>	<u>(25,049,702)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	6,048,923
Property Taxes, Levied for Debt Service	1,998,339
State School Fund - General Support	19,579,392
Common School Fund	295,562
Other State, County, and Local Sources	1,371,011
Earnings on Investments	55,906

Total General Revenues	<u>29,349,134</u>
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Changes in Net Position	4,299,432
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Net Position – Beginning as Restated by GASB 68	<u>(10,706,011)</u>
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Net Position – Ending	<u>\$ (6,406,579)</u>
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See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUNDS	SPECIAL PROJECTS FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
ASSETS:						
Cash and Investments	\$ 3,779,343	\$ -	\$ 1,676,241	\$ 415,222	\$ 1,737,492	\$ 7,608,298
Receivables:						
Property Taxes	463,683	-	-	170,054	-	633,738
Accounts	86,579	408,863	92,122	22	11,109	598,694
Inventory	-	1,435	30,361	-	-	31,796
Due from Other Funds	386,404	-	-	-	-	386,404
Total Assets	\$ 4,716,009	\$ 410,298	\$ 1,798,724	\$ 585,298	\$ 1,748,601	\$ 9,258,929
LIABILITIES:						
Accounts Payable	\$ 110,970	\$ 147	\$ 10,716	\$ -	\$ 26,555	\$ 148,388
Accrued Withholdings and Benefits	1,071,465	-	4,419	-	-	1,075,884
Due to Other Funds	-	386,404	-	-	-	386,404
Total Liabilities	1,182,435	386,551	15,134	-	26,555	1,610,676
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Property Taxes	441,667	7,064	113,565	163,020	4,163	729,478
FUND BALANCES:						
Nonspendable	-	1,435	30,361	-	-	31,796
Restricted:						
Food Service	-	-	-	-	-	-
South Lane Schools Fund	-	-	-	-	-	-
Reimbursable Costs	-	-	-	-	-	-
Student Body	-	-	-	-	-	-
Cool Schools	-	-	-	-	-	-
Child Dental Care	-	-	-	-	-	-
Other Fund Activities	-	15,248	1,639,663	-	-	1,654,911
Debt Service	-	-	-	422,278	-	422,278
Assigned:						
Extended Learning	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Community Recreation	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Athletics	-	-	-	-	-	-
Other Fund Activities	-	-	-	-	-	-
Early Termination Benefits	-	-	-	-	-	-
Capital Projects	-	-	-	-	1,717,884	1,717,884
Unassigned	3,091,907	-	-	-	-	3,091,907
Total Fund Balances	3,091,907	16,683	1,670,024	422,278	1,717,884	6,918,775
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,716,009	\$ 410,298	\$ 1,798,724	\$ 585,298	\$ 1,748,601	\$ 9,258,929

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

Total Fund Balances - Governmental Funds		\$	6,918,775
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Internal service funds are used by management to charge the costs of retirement of the PERS bonds to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.			(22,004,967)
Capital assets are not financial resources and are not reported in the funds:			
Capital Assets	\$	45,287,222	
Accumulated Depreciation		<u>(16,248,075)</u>	29,039,147
Some assets will be collected after year end and are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:			
Property Taxes			729,478
Premiums and discounts are recognized in the funds in the year paid or received but are capitalized on the Statement of Net Position and amortized over the term of the bonds.			
Premiums		(1,255,148)	
Discounts		<u>217,546</u>	(1,037,602)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Accrued Interest Payable		(23,945)	
Governmental Bonds		(17,005,000)	
General Obligation Bonds		(2,000,000)	
Capital Leases Payable		(644,365)	
Early Retirement		<u>(378,100)</u>	<u>(20,051,410)</u>
Total Net Position		\$	<u><u>(6,406,579)</u></u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

	GENERAL FUND	SPECIAL REVENUE FUNDS	SPECIAL PROJECTS FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS
REVENUES:						
Local Sources						
Taxes	\$ 5,922,260	\$ -	\$ -	\$ 1,998,339	\$ -	\$ 7,920,600
Earnings From Investments	40,767	-	290	6,832	7,923	55,811
Other Local Sources	166,943	33,346	1,565,942	-	98,708	1,864,939
Intermediate Sources	382,386	70,988	433,278	-	-	886,651
State Sources	19,456,237	92,637	326,080	-	-	19,874,954
Federal Sources	151,284	1,667,813	1,108,253	-	-	2,927,350
Total Revenues	<u>26,119,876</u>	<u>1,864,783</u>	<u>3,433,843</u>	<u>2,005,171</u>	<u>106,631</u>	<u>33,530,304</u>
EXPENDITURES:						
Current:						
Instruction	13,955,630	1,391,520	1,266,823	-	-	16,613,972
Support Services	10,489,335	482,336	1,262,346	-	345,883	12,579,900
Enterprise/Community Services	-	6,858	1,609,800	-	-	1,616,658
Facilities Acquisition	-	-	-	-	679,032	679,032
Debt Service	12,863	-	57,298	2,252,006	-	2,322,167
Total Expenditures	<u>24,457,828</u>	<u>1,880,713</u>	<u>4,196,267</u>	<u>2,252,006</u>	<u>1,024,915</u>	<u>33,811,729</u>
Revenues Over, (Under) Expenditures	1,662,048	(15,930)	(762,424)	(246,835)	(918,284)	(281,425)
Other Financing Sources, (Uses)						
Bond Proceeds	-	-	-	-	2,000,000	2,000,000
Sale of Capital Assets	7,439	-	-	-	9,909	17,348
Transfers In	68,129	-	1,228,100	67,904	500,000	1,864,133
Transfers Out	(1,794,904)	-	(69,228)	-	-	(1,864,133)
Total Other Financing Sources, (Uses)	<u>(1,719,336)</u>	<u>-</u>	<u>1,158,872</u>	<u>67,904</u>	<u>2,509,909</u>	<u>2,017,348</u>
Net Change in Fund Balance	(57,288)	(15,930)	396,448	(178,931)	1,591,625	1,735,923
Prior Period Adjustment (1)	(1,140,000)	-	1,140,000	-	-	-
Fund Balances, Beginning	4,289,194	32,613	133,576	601,209	126,259	5,182,851
Fund Balances, Ending	<u>\$ 3,091,907</u>	<u>\$ 16,683</u>	<u>\$ 1,670,024</u>	<u>\$ 422,278</u>	<u>\$ 1,717,884</u>	<u>\$ 6,918,775</u>

(1) Prior Period Adjustment was necessary to match 2014-2015 Beginning Fund Balance to 2013-2014 Ending Fund Balance

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

Total Net Changes in Fund Balances - Governmental Funds	\$	1,735,923
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Amounts reported for governmental activities in the Statement of Activities are different because:

An internal service fund is used to charge the cost of retirement of the PERS bonds to individual funds. The change in net position is included with governmental activities in the Statement of Activities.		2,686,985
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Property taxes not collected within 60 days of year end are not reported as revenue in the funds.		126,663
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital Asset Additions	\$ 770,715	
Depreciation Expense	<u>(1,044,083)</u>	(273,368)

Debt issue cost should be recognized as an expense in the period incurred.

Bond Issuance Cost	\$ <u>(2,000,000)</u>	(2,000,000)
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Bond premiums and discounts are recognized in the funds in the year paid or received but are capitalized on the Statement of Net Position and amortized over the term of the bonds:

Amortization of premiums and discounts (Net)		161,186
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The issuance of long-term debt provides current financial resources to governmental funds. The repayment of long-term debt consumes current financial resources. Current period long-term debt transactions:

Principal Payments on Long-Term Debt		1,717,011
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Governmental funds report the payment of early retirement benefits as expenditures; however, in the Statement of Activities the expense also includes the change in net present value of future cash flows.

143,630

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Decrease in Accrued Interest Payable		<u>1,401</u>
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Change in Net Position of Governmental Activities	\$	<u><u>4,299,432</u></u>
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See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2015

	<u>INTERNAL SERVICE FUND</u>
	<u>PERS BOND FUND</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 262,571
Noncurrent Assets	
Net Pension Asset	1,546,843
Total Assets	<u>1,809,414</u>
NET POSITION	
Current Liabilities	
Long-Term Liabilities Payable in One Year	606,687
Noncurrent Liabilities	
Long-Term Liabilities Payable After One Year, Net of Bond Discount	<u>21,174,382</u>
Total Liabilities	<u>21,781,069</u>
Deferred Inflow - Net Pension Assets	<u>2,033,312</u>
Net Position	
Unrestricted	<u>(22,004,967)</u>
Total Net Position	<u>\$ (22,004,967)</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF ACTIVITIES – PROPRIETARY FUND
For the Year Ended June 30, 2015

	INTERNAL SERVICE FUND
	<u>PERS BOND FUND</u>
Operating Revenues	
Interfund Charges	\$ 1,858,873
Total Operating Revenues	<u>1,858,873</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	95
Interest Expense	(1,297,085)
GASB 68 Pension Adjustment	<u>2,125,102</u>
Total Nonoperating Revenues (Expenses)	<u>828,112</u>
Change in Net Position	2,686,985
Net Position – Beginning, Restated	<u>(24,691,952)</u>
Net Position – Ending	<u><u>\$ (22,004,967)</u></u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
For the Year Ended June 30, 2015

	<u>INTERNAL SERVICE FUND</u>
	<u>PERS BOND FUND</u>
Cash flows from operating activities	
Interfund charges	\$ 1,858,873
Cash flows from investing activities	
Earnings on investments	95
Cash flows from noncapital financing activities	
Principal paid on pension bonds	(559,175)
Interest paid on pension bonds	(1,297,085)
Net cash used by noncapital financing activities	(1,856,260)
Net increase in cash and cash equivalents	2,708
Cash and cash equivalents, beginning	259,863
Cash and cash equivalents, ending	\$ 262,571

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2015

		<u>PRIVATE PURPOSE TRUST FUNDS</u>
	ASSETS	
Cash and Investments		\$ 383,643
Total Assets		<u>383,643</u>
	NET POSITION	
Held in Trust for Scholarships		304,211
Held in Trust for Future Expenditures		<u>79,431</u>
Total Net Position		<u>\$ 383,643</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
For the Year Ended June 30, 2015

		<u>PRIVATE PURPOSE TRUST FUNDS</u>
	ADDITIONS	
Earnings on Investments		\$ 2,007
Total Additions		<u>2,007</u>
	DEDUCTIONS	
Scholarships Awarded		4,500
Instruction Services		1,000
Supporting Services		<u>834</u>
Total Deductions		<u>6,334</u>
Change in Net Position		(4,328)
Net Position – Beginning		<u>387,970</u>
Net Position – Ending		<u>\$ 383,643</u>

See accompanying notes to basic financial statements

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

South Lane School District 45J3 (The District), Lane County, Oregon, is a municipal corporation governed by an independently elected board consisting of seven directors and is legally separate from all other entities, organized under provisions of Oregon Revised Statutes Chapter 332 for the purpose of operating elementary and secondary schools. It is also financially independent of other state and local governmental units. It has the power to levy taxes, responsibility for its debts and entitlement to any surpluses.

For financial statement reporting purposes the reporting consists of the District, any organization for which it is financially accountable and any other organization that, because of the nature and significance of their relationship with the District, may not be excluded from the financial reporting.

Based on these criteria, the District is not a component of any other entity. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

Government-wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the District as a whole.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions." Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All direct expenses are reported by function in the Statement of Activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Program revenues derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the general revenues and 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 contributions 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.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

Fund Financial Statements

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental Fund Types

Governmental funds are used to account for the general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences which are not recognized as expenditures because they will be liquidated with future expendable financial resources.

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

There are the following major governmental funds:

General Fund

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

Special Revenue Funds

This fund accounts for various federal grants received by the District.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Governmental Fund Types (Continued)

Special Projects Funds

This fund accounts for revenues and expenditures relating to food service, student body activities, and other special projects.

Debt Service Fund

This fund accounts for payments to retire the District's 2012 general obligation refunding bonds; resources to pay these bonds are from property tax revenue. This fund also pays the debt service on qualified zone activity bonds which were used to finance improvements in technology services. Resources are transfers from the General Fund.

Capital Projects Fund

This fund accounts for financial resources used for the acquisition or construction of major facilities and other capital assets.

The District has one proprietary fund – the PERS Bond Fund – which levies charges to the various operating funds of the District to pay the debt service on bonds used to reduce the required contributions for employee pension costs. It is an internal service fund and the interfund charges, based on payroll, provide the resources to pay the debt on the bonds as it becomes due. Separate fund financial statements are provided for this fund and its transactions are included with the governmental activities in the government-wide financial statements.

The District has three private purpose trust funds. These account for resources received and held by the District in a fiduciary capacity. Disbursements from these funds are made in accordance with trust agreements and include the Student Trust Fund, Scholarship Fund and the Nurses Fund.

Use of Estimates

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

Cash and Cash Equivalents

For financial reporting purposes, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Property Taxes

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

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Property Taxes (Continued)

Uncollected property taxes are shown in the balance sheet. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Grants

Unreimbursed grant expenditures due from grantor agencies are recorded as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures that is to be carried over to the next fiscal year is recorded as a liability, unearned revenue.

Construction Excise Tax

Oregon Senate Bill 1036 was passed in 2007 and authorizes school districts to impose construction excise taxes to fund capital improvements to school facilities. The construction tax is imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure. The construction tax is \$1.17 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing. In addition, there is a construction tax of \$0.58 per square foot on structures or portions of structures intended for non-residential use. The maximum construction tax on structures intended for nonresidential use cannot exceed \$29,200 per building permit or \$29,200 per structure, whichever is less. The tax rates are adjusted for changes in construction costs. Agencies performing the collection function for the tax revenues may withhold up to 4 percent of amounts collected to cover administrative costs. The Oregon Department of Revenue determines the adjusted rate limitations and reports to the District. For the year ended June 30, 2015, the District collected \$44,302 in construction excise taxes.

Supply Inventories

All inventories are valued at cost (first-in, first-out method) and donated commodities are valued at their estimated fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the government wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized.

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

Buildings and Improvements	20 to 60 years
Equipment	5 to 15 years
Buses and Other Vehicles	10 to 15 years

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

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

Accrued Compensated Absences

It is policy to permit select employees to accumulate earned unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued in the government wide statements. A liability is accrued in the governmental funds because vacation pay is expected to be liquidated with expendable available resources.

Interfund Transactions

Outstanding balances between funds result mainly from the time lag between the accrual and payment of payroll and related benefit charges and the collection of receivables and are reported as due to/from other funds on the governmental fund balance sheet but are eliminated on the statement of net position.

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Operating transfers during the year ended June 30, 2015, are reported in the governmental funds but are eliminated in the government-wide financial statements.

Retirement Plans

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

Deferred Outflows/Inflows of Resources

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

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2015, there were deferred inflows of \$2,033,312 representing net pension related deferrals related to the implementation of GASB 68. There is also \$729,478 of unavailable revenue for property taxes reported in the balance sheet.

Net Position

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

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

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There is restricted net position for debt service and special projects funds.

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

Fund Equity

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

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued)

Fund Equity (Continued)

- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The Superintendent and Business Manager have been granted the authority to assign fund balances.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no committed fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for each governmental fund in accordance with Oregon Local Budget Law. These budgets are all prepared using the modified accrual basis of accounting. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles in the United States of America except the property taxes received after year-end are not considered budgetary resources in the funds, inventory is expensed when purchased, capital outlay is recorded as an expenditure rather than capitalized, depreciation is not recorded on capital assets and debt, pension costs are not recorded as an expense until paid, accrued interest and OPEB expenses are expensed as paid instead of when incurred.

The budgeting process begins by appointing Budget Committee members in early fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, community services, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

Budget amounts shown in the basic financial statements include the original budget amounts and appropriation transfers approved by the Board. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations except for the Special Revenue Fund Enterprise and Community Services by \$5,358.

3. CASH AND INVESTMENTS

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2015, \$260,479 of the bank balance of \$958,435 was insured by the FDIC and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes require deposits to be adequately covered by the federal depository insurance or deposited at an approved depository as identified by the Treasury.

Cash and Investments at June 30, 2015 consisted of:

Deposits with financial institutions:	
Demand Deposits	887,651
Certificates of Deposit	65,000
Local Government Investment Pool	7,301,860
	<u>\$ 8,254,511</u>

Presentation in the Basic Financial Statements:

Statement of Net Position	\$ 7,870,869
Fiduciary Funds	383,642
	<u>\$ 8,254,511</u>

Investments

State statutes governing cash management are followed. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2015. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

There were the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in months)</u>		
	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Local Government Investment Pool	\$ 7,301,680	\$ 7,301,680	\$ -
Total	\$ 7,301,680	\$ 7,301,680	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Cottage Grove High School has held a CD since 1989 that matures every two years, but has been renewed at the time of each maturity date.

Credit Risk-Investments

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

Concentration of Credit Risk-Investments

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

SOUTH LANE SCHOOL DISTRICT 45J3
 LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

4. ACCOUNTS RECEIVABLE

Accounts receivable are comprised primarily of claims for reimbursement of costs under various federal and state grant programs. Management estimates that all accounts are collectible and therefore, no allowance for doubtful accounts has been established.

5. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2015, are as follows:

	Balance Beginning of Year	Additions	(Deletions)	Balance End Of Year
<u>Capital Assets</u>				
Land & Land Improvements	\$ 890,489.00			\$ 890,489.00
Buildings & Improvements	39,620,232	694,893		40,315,125
Equipment	1,247,513	69,822		1,317,335
Buses and other vehicles	3,094,729	6,000	(336,456)	2,764,273
Total	<u>44,852,963</u>	<u>770,715</u>	<u>(336,456)</u>	<u>45,287,222</u>
<u>Accumulated Depreciation</u>				
Buildings & Improvements	12,353,433	826,586		13,180,019
Equipment	902,215	55,255		957,470
Buses and other vehicles	2,284,800	162,242	(336,456)	2,110,586
Total	<u>15,540,448</u>	<u>1,044,084</u>	<u>(336,456)</u>	<u>16,248,075</u>
Total Net Capital Assets	<u>\$ 29,312,515</u>			<u>\$ 29,039,147</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 542,110
Support	400,186
Community Services	<u>101,788</u>
Total Depreciation Expense	<u>\$ 1,044,084</u>

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS

PLAN DESCRIPTION

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

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

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

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (Continued)

PLAN DESCRIPTION (Continued)

- b. OPSRP Pension Program (OPSRP DB). The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i) Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
 - General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

- ii) Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii) Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv) Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

FUNDING POLICY

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$844,488, excluding amounts to fund employer specific liabilities.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (Continued)

PLAN DESCRIPTION (Continued)

At June 30, 2015, the District reported a net pension asset of \$1,546,843 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the District's proportion was 0.07 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,984,780
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>106,980</u>	<u>-</u>
Subtotal - Amortized Deferrals (below)	<u>-</u>	<u>2,877,800</u>
District contributions subsequent to measurement date	<u>844,488</u>	<u>-</u>
Net deferred outflow (inflow) of resources		<u>\$ (2,033,312)</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (722,938)
2017	(722,938)
2018	(722,938)
2019	(722,938)
2020	13,952
Thereafter	-
Total	<u>\$ (2,877,800)</u>

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

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

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (Continued)

FUNDING POLICY (Continued)

ACTUARIAL VALUATIONS

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

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

Actuarial Methods and Assumptions:

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

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

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

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

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

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$3,275,654	\$(1,546,843)	\$(5,625,543)

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

SOUTH LANE SCHOOL DISTRICT 45J3
 LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (Continued)

ACTUARIAL VALUATIONS (Continued)

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

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700, http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

7. LONG-TERM DEBT

In March 2012, the District issued \$21,335,000 in general obligation bonds with coupon interest rates ranging from 2.0 percent to 5.0 percent. The District also received a bond premium of \$1,919,606 making the effective yield on the bonds from 0.28 percent to 2.73 percent. The net proceeds (after \$260,662 in various issuance costs and interest earned) were used to pay off the 2002 general obligation bonds on June 15, 2012.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$332,710. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2025 using the effective-interest method. The District completed the advance refunding to reduce its total debt service payments over the next 13 years by \$3,965,850 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,348,606.

Qualified Zone Activity (QZA) bonds, proceeds used for improvements of technology services including fiber optic and telephone upgrades for all schools; principal and interest payable at 1.34 percent; final payment due May 18, 2023.

The District issued a second Qualified Zone Activity bond in 2014, in the amount of \$2,000,000, to be used for repairing the school facilities and/or providing equipment for use at the District; principal and interest payments payable at 0 percent; final payment due August 28, 2029.

Limited Tax Pension Bonds (PERS Bonds), Series 2003, consisting of both current interest and deferred interest bonds, proceeds used to prepay the estimated unfunded actuarial liability with the Oregon Public Employees Retirement System; the effective interest rates on the bonds range from 1.5 percent to 6.3 percent with the final payment due June 30, 2028.

The District has five capital lease obligations; the proceeds of two of the capital leases were used to purchase buses and the remaining leases were for copy machines and computer equipment. The effective interest rates on the capital lease obligations range from 3.3 percent to 10.28 percent and payments end at varying dates through 2017.

SOUTH LANE SCHOOL DISTRICT 45J3
 LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (Continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GO Bonds - Series 2012	\$ 18,065,000	\$ -	\$ 1,590,000	\$ 16,475,000	\$ 1,690,000
QZAB 2014				2,000,000	133,334
QZAB 2008	590,000	-	60,000	530,000	60,000
Total	18,655,000	-	1,650,000	19,005,000	1,883,334
Premium	1,450,129	-	(194,981)	1,255,147	184,544
Deferred Costs	(251,340)	-	33,794	(217,546)	31,986
Total	1,198,789	-	(161,187)	1,037,601	216,530
PERS Bonds:					
Current Interest Bonds	11,845,000	-	-	11,845,000	-
Deferred Interest Bonds	14,395,000	-	1,185,000	13,210,000	1,275,000
Accretion of Discount	(3,899,756)	-	(638,869)	(3,273,931)	(611,323)
Total	22,340,244	-	546,131	21,781,069	663,677
Capital Lease Obligations	711,375	-	67,011	644,365	134,175
Termination Benefits	521,730	-	143,630	378,100	198,479
Total Long-Term Liabilities:	<u>\$ 43,427,138</u>	<u>\$ -</u>	<u>\$ 2,245,585</u>	<u>\$ 42,846,135</u>	<u>\$ 3,096,195</u>

	Interest			
	Future Amounts Due Beginning	Matured	Paid	Future Amounts Due Ending
GO Bonds - Series 2012	\$ 4,418,500	\$ 594,100	\$ 594,100	\$ 3,824,400
PERS Bonds	8,006,220	671,260	671,260	7,334,960
QZAB	40,267	7,906	7,906	32,361
Capital Lease Obligations	78,105	7,364	7,364	70,741
Total	<u>\$ 12,543,092</u>	<u>\$ 1,280,630</u>	<u>\$ 1,280,630</u>	<u>\$ 12,543,092</u>

SOUTH LANE SCHOOL DISTRICT 45J3
 LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (Continued)

Future requirements to maturity are as follows:

2012 General Obligation Bonds		
Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 1,690,000	\$ 562,300
2017	1,250,000	528,500
2018	1,325,000	503,500
2019	1,410,000	477,000
2020	1,505,000	434,700
2021-2025	9,295,000	1,318,400
	\$ 16,475,000	\$ 3,824,400

PERS Bonds		
Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 1,275,000	\$ 671,260
2017	1,375,000	671,260
2018	1,480,000	671,260
2019	1,585,000	671,260
2020	1,695,000	671,260
2021-2025	10,440,000	3,233,444
2026-2028	7,205,000	745,216
	\$ 25,055,000	\$ 7,334,960

The PERS bonds in this schedule include both current and deferred interest bonds.

QZAB 2008			QZAB 2014	
Fiscal Year Ending June 30,	Principal	Interest	Fiscal Year Ending June 30,	Principal
2016	\$ 65,000	\$ 7,102	2016	\$ 133,334
2017	65,000	6,231	2017	133,334
2018	65,000	5,360	2018	133,334
2019	65,000	4,489	2019	133,334
2020	65,000	3,618	2020	133,334
2021-2023	205,000	5,561	2021-2030	1,333,330
	\$ 530,000	\$ 32,361		\$ 2,000,000

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (Continued)

Future capital lease payments are as follows:

Fiscal Year Ending June 30,	
2016	\$ 156,320
2017	149,061
2018	81,945
2019	81,945
2020	81,945
2021-2022	<u>163,890</u>
	715,106
Less interest	<u>(70,741)</u>
	<u><u>\$ 644,365</u></u>

Future termination benefits are as follows:

Fiscal Year Ending June 30,	
2016	\$ 196,191
2017	102,908
2018	55,371
2019	<u>23,630</u>
	378,100
Present Value Ajustment	<u>7,785</u>
	<u><u>\$ 385,885</u></u>

8. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to match 2014-2015 Beginning Fund Balances to 2013-2014 Ending Fund Balances and account for adjustments in a prior audit report.

9. TERMINATION BENEFITS

The District's collective bargaining agreements with certified personnel and administrators include provisions for early retirement benefits for personnel who have been regularly employed for a minimum of 15 consecutive years with the District. The early retirement options provide for the payment of monthly stipends, the term and amount of which depend upon the option selected as specified in the collective bargaining agreements. As of June 30, 2015, there were 0 former employees receiving a stipend.

SOUTH LANE SCHOOL DISTRICT 45J3
LANE COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

9. TERMINATION BENEFITS (Continued)

Employees who are eligible for full PERS benefits may elect early retirement and be provided with full health insurance benefits if they have not elected to receive stipends. The retiree and their spouse are provided this benefit for a term of ten years or until the loss of retiree and spouse eligibility. As of June 30, 2015, there were 21 former employees receiving health care benefits.

Another option has been established to allow qualified employees who were not eligible for the original early retirement program (stipends or health care benefits) to be entitled to a one time stipend payment of \$5,000, upon retirement.

The termination benefit liability of \$378,100 is measured at the discounted present value of expected future cash flows using a discount rate of 1.166 percent and a healthcare cost trend rate of 6.4 percent. This liability is not actuarially determined, but the District has recorded the full costs of future benefits. There is no trust established for the value of this liability. The benefits are to be paid through the fiscal year ending June 30, 2019. The District funds the obligation for these benefits on a current basis and the cost for the year ended June 30, 2015 and 2014 were \$230,949 and \$268,743, respectively.

This liability is recorded in the long-term debt, see footnote 7.

10. COMMITMENTS AND CONTINGENCIES

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

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

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance to cover the risk of loss. During the last three years, settled claims for all risks have not exceeded covered limits. Also, there has been no reduction in coverage compared to the prior year.

12. RESTATEMENT OF BEGINNING NET POSITION

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

Net position-Beginning as previously reported	\$ 9,482,956
Write off of Prepaid Pension Assset	\$(17,577,396)
Proportionate share of net pension liability at prior measurement date	(3,482,469)
Net outflow/(inflows) of resources (prior year employer contributions)	870,898
Net position-Beginning as restated	<u><u>\$(10,706,011)</u></u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2015

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.07 %	\$ (1,546,843)	\$ 15,072,780	(10.3) %	103.6 %
2014	0.07	3,482,469	14,766,855	23.6	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2015	\$ 844,488	\$ 844,488	\$ -	\$ 15,072,780	5.6 %
2014	870,898	870,898	-	14,766,855	5.9

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	GENERAL FUND			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 5,815,649	\$ 5,815,649	\$ 5,922,260	\$ 106,611
Earnings on Investments	41,000	41,000	40,767	(233)
Other Local Sources	233,100	233,100	166,943	(66,157)
Intermediate Sources	460,000	460,000	382,386	(77,614)
State Sources	19,369,059	19,369,059	19,456,237	87,178
Federal Sources	-	-	151,284	151,284
Total Revenues	<u>25,918,808</u>	<u>25,918,808</u>	<u>26,119,876</u>	<u>201,068</u>
EXPENDITURES:				
Instruction	14,938,550	14,938,550 (1)	13,955,630	982,920
Support Services	11,027,661	11,007,661 (1)	10,489,335	518,326
Debt Service	10,000	30,000 (2)	1,807,767	(1,777,767)
Contingency	1,000,000	1,000,000 (1)	-	1,000,000
Total Expenditures	<u>26,976,211</u>	<u>26,976,211</u>	<u>26,252,732</u>	<u>723,479</u>
Revenues Over, (Under) Expenditures	(1,057,403)	(1,057,403)	(132,856)	924,547
Other Financing Sources (Uses)				
Lease Purchase Receipts	35,000	35,000	-	(35,000)
Sale of Capital Assets	-	-	7,439	7,439
Transfers In	67,307	67,307	68,129	822
Transfers Out	(1,794,904)	(1,794,904) (2)	-	1,794,904
Total Other Financing Sources (Uses)	<u>(1,692,597)</u>	<u>(1,692,597)</u>	<u>75,568</u>	<u>1,768,165</u>
Net Change in Fund Balance	(2,750,000)	(2,750,000)	(57,288)	2,692,712
Prior Period Adjustment	-	-	(1,140,000)	(1,140,000)
Beginning Fund Balance	<u>2,750,000</u>	<u>2,750,000</u>	<u>4,289,194</u>	<u>1,539,194</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,091,907</u>	<u>\$ 3,091,907</u>

(1) - Appropriation Level

(2) - Budgeted as Debt Service/Transfers

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources	\$ 39,000	\$ 39,000	\$ 33,346	\$ (5,654)
Intermediate Sources	54,904	54,904	70,988	16,084
State Sources	-	-	92,637	92,637
Federal Sources	1,997,070	1,997,070	1,667,813	(329,257)
Total Revenues	2,090,974	2,090,974	1,864,783	(226,191)
EXPENDITURES:				
Instruction	1,498,938	1,498,938 (1)	1,391,520	107,418
Support Services	620,594	620,594 (1)	482,336	138,258
Enterprise/Community Services	1,500	1,500 (1)	6,858	(5,358)
Contingency	-	- (1)	-	-
Total Expenditures	2,121,032	2,121,032	1,880,713	240,319
Net Change in Fund Balance	(30,058)	(30,058)	(15,930)	14,128
Beginning Fund Balance	30,058	30,058	32,613	2,555
Ending Fund Balance	\$ -	\$ -	\$ 16,683	\$ 16,683

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

	SPECIAL PROJECTS FUNDS			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Earnings on Investments	\$ 555	\$ 555	\$ 290	\$ (266)
Other Local Sources	1,569,430	1,569,430	1,565,942	(3,488)
Intermediate Sources	47,585	47,585	433,278	385,693
State Sources	12,000	12,000	326,080 (3)	314,080
Federal Sources	1,349,200	1,349,200	1,108,253	(240,947)
Total Revenues	2,978,770	2,978,770	3,433,843	455,073
EXPENDITURES:				
Instruction	1,809,764	1,808,764 (1)	1,266,823	541,941
Support Services	1,404,899	1,404,899 (1)	1,262,346	142,553
Enterprise/Community Services	1,678,025	1,678,025 (1)	1,609,800	68,225
Facilities Acquisition	135,000	135,000 (1)	-	135,000
Debt Service	57,298	57,298 (2)	126,526	(69,228)
Contingency	266,336	266,336 (1)	-	266,336
Total Expenditures	5,351,322	5,350,322	4,265,495	1,084,827
Revenues Over, (Under) Expenditures	(2,372,552)	(2,371,552)	(831,652)	1,539,900
Other Financing Sources (Uses)				
Transfers In	1,228,100	1,228,100	1,228,100	-
Transfers Out	(68,407)	(69,407) (2)	-	69,407
Total Other Financing Sources (Uses)	1,159,693	1,158,693	1,228,100	69,407
Net Change in Fund Balance	(1,212,859)	(1,212,859)	396,448	1,609,307
Prior Period Adjustment	-	-	1,140,000	1,140,000
Beginning Fund Balance	1,212,859	1,212,859	133,576	(1,079,283)
Ending Fund Balance	\$ -	\$ -	\$ 1,670,024	\$ 1,670,024

(1) - Appropriation Level

(2) - Budgeted as Debt Service/Transfers

(3) - This includes the National School Lunch Program State Revenue Matching amount of \$12,000 that was used to support lunch fund expenses recorded in the General fund.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
From Local Sources:				
Taxes	\$ 1,976,504	\$ 1,976,504	\$ 1,998,339	\$ 21,835
Earnings From Investments	7,500	7,500	6,832	(668)
Total Revenues	<u>1,984,004</u>	<u>1,984,004</u>	<u>2,005,171</u>	<u>21,167</u>
EXPENDITURES:				
Debt Service	<u>2,252,006</u>	<u>2,252,006 (1)</u>	<u>2,252,006</u>	<u>-</u>
Total Expenditures	<u>2,252,006</u>	<u>2,252,006</u>	<u>2,252,006</u>	<u>-</u>
Revenues Over, (Under) Expenditures	(268,002)	(268,002)	(246,835)	21,167
Other Financing Sources (Uses)				
Transfers In	<u>67,904</u>	<u>67,904</u>	<u>67,904</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>67,904</u>	<u>67,904</u>	<u>67,904</u>	<u>-</u>
Net Change in Fund Balance	(200,098)	(200,098)	(178,931)	21,167
Beginning Fund Balance	<u>500,002</u>	<u>500,002</u>	<u>601,209</u>	<u>101,207</u>
Ending Fund Balance	<u>\$ 299,904</u>	<u>\$ 299,904</u>	<u>\$ 422,278</u>	<u>\$ 122,374</u>

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
From Local Sources:				
Earnings From Investments	\$ -	\$ -	\$ 7,923	\$ 7,923
Construction Excise Tax	60,000	60,000	98,708	38,708
Rental Revenue	54,000	54,000	-	(54,000)
Other Local Sources	500	500	-	(500)
	<u>114,500</u>	<u>114,500</u>	<u>106,631</u>	<u>(7,869)</u>
EXPENDITURES:				
Support Services	568,915	568,915 (1)	345,883	223,032
Facilities Acquisition & Construction	25,000	2,025,000 (1)	679,032	1,345,968
Debt Service	9,000	9,000 (1)	-	9,000
Contingency	100,000	100,000 (1)	-	100,000
	<u>702,915</u>	<u>2,702,915</u>	<u>1,024,915</u>	<u>1,678,000</u>
Revenues Over, (Under) Expenditures	(588,415)	(2,588,415)	(918,284)	1,670,131
Other Financing Sources (Uses)				
Gain on Sale	-	-	9,909	9,909
Transfers In	500,000	500,000	500,000	-
Bond Proceeds	-	2,000,000	2,000,000	-
	<u>500,000</u>	<u>2,500,000</u>	<u>2,509,909</u>	<u>9,909</u>
Net Change in Fund Balance	(88,415)	(88,415)	1,591,625	1,680,040
Beginning Fund Balance	<u>88,415</u>	<u>88,415</u>	<u>126,259</u>	<u>37,844</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,717,884</u>	<u>\$ 1,717,884</u>

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

INTERNAL SERVICE FUNDS

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Interfund Charges	\$ 1,656,260	\$ 1,656,260	\$ 1,858,873	\$ 202,613
Earnings on Investments	100	100	95	(5)
Total Revenues	<u>1,656,360</u>	<u>1,656,360</u>	<u>1,858,968</u>	<u>202,608</u>
EXPENDITURES:				
Debt Service	1,856,260	1,856,260 (1)	1,856,260	-
Total Expenditures	<u>1,856,260</u>	<u>1,856,260</u>	<u>1,856,260</u>	<u>-</u>
Net Change in Fund Balance	(199,900)	(199,900)	2,708	202,608
Beginning Fund Balance	<u>199,900</u>	<u>199,900</u>	<u>259,863</u>	<u>59,963</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	262,571	<u>\$ 262,571</u>
Reconciliation to financial statements:				
Propportionate Share of Net Pension Asset			1,546,843	
Deferred Outflows			(2,033,312)	
Long-Term liabilities payable in one year			(606,687)	
Long-Term liabilities payable after one year, net of bond discount			<u>(21,174,382)</u>	
Net Position – End of Year			<u>\$ (22,004,967)</u>	

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended June 30, 2015

	<u>STUDENT TRUST</u>	<u>HIGH SCHOOL SCHOLARSHIP</u>	<u>NURSES</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Investments	\$ 70,277	\$ 304,211	\$ 9,154	\$ 383,643
Total Assets	<u>70,277</u>	<u>304,211</u>	<u>9,154</u>	<u>383,643</u>
<u>NET POSITION</u>				
Held in trust for future expenditures	<u>70,277</u>	<u>304,211</u>	<u>9,154</u>	<u>383,643</u>
Total Net Position	<u>\$ 70,277</u>	<u>\$ 304,211</u>	<u>\$ 9,154</u>	<u>\$ 383,643</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

PRIVATE PURPOSE TRUST FUNDS

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Earnings from Investments	\$ 1,950	\$ 1,950	\$ 2,007	\$ 57
Contributions	1,500	1,500	-	(1,500)
Total Revenues	<u>3,450</u>	<u>3,450</u>	<u>2,007</u>	<u>(1,443)</u>
EXPENDITURES:				
Instruction Services	32,000	32,000 (1)	1,000	31,000
Support Services	8,650	8,650 (1)	834	7,816
Enterprise Services	15,000	15,000 (1)	4,500	10,500
Contingency	330,900	330,900 (1)	-	330,900
Total Expenditures	<u>386,550</u>	<u>386,550</u>	<u>6,334</u>	<u>380,216</u>
Net Change in Fund Balance	(383,100)	(383,100)	(4,328)	378,773
Beginning Fund Balance	<u>383,100</u>	<u>383,100</u>	<u>387,970</u>	<u>4,870</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,643</u>	<u>\$ 383,643</u>

(1) - Appropriation Level

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

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

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	FEDERAL CFDA NUMBER	GRANT AMOUNT	2014-15 REVENUES	2014-15 EXPENDITURES	
U.S. Department of Education:					
Passed through Oregon State Department of Education:					
Title I-A :	07/01/14 - 09/30/15	84.010	\$679,010	\$641,634	\$641,634
	07/01/13 - 09/30/14	84.010	\$672,719	\$6,560	\$6,560
	Total		<u>\$1,351,729</u>	<u>\$648,193</u>	<u>\$648,193</u>
Children w/disabilities - IDEA Part B, Section 602	07/01/14 - 09/30/15	84.027	\$534,280	\$527,832	\$527,832 (1)
	07/01/13 - 09/30/14	84.027	\$505,068	\$50,573	\$50,573 (1)
	Total		<u>\$1,039,349</u>	<u>\$578,405</u>	<u>\$578,405</u>
Children w/disabilities - IDEA Part B, Section 602	07/01/14 - 09/30/16	84.173	\$4,896	\$1,567	\$1,567
	Total		<u>\$4,896</u>	<u>\$1,567</u>	<u>\$1,567</u>
System Performance Review and Improvement	08/01/14 - 06/30/15	84.027	\$3,775	\$2,227	\$2,227 (1)
	Total		<u>\$3,775</u>	<u>\$2,227</u>	<u>\$2,227</u>
IDEA Enhancement - Formula	10/01/14 - 09/30/15	84.027	\$5,305	\$919	\$919 (1)
	10/01/13 - 09/30/14	84.027	\$5,305	\$3,612	\$3,612 (1)
	Total		<u>\$10,610</u>	<u>\$4,531</u>	<u>\$4,531</u>
Enhancement & Extended Assessment	07/01/14 - 06/30/15	84.027	\$900	\$900	\$900 (1)
	Total		<u>\$900</u>	<u>\$900</u>	<u>\$900</u>
Title II-A Improving Teacher Quality:	07/01/14 - 09/30/15	84.367	\$136,952	\$115,660	\$115,660
	07/01/13 - 09/30/14	84.367	\$135,716	\$43,996	\$43,996
	Total		<u>\$272,668</u>	<u>\$159,656</u>	<u>\$159,656</u>
Passed through Lane Education Service District:					
Youth Transition Program	07/01/14 - 06/30/15	84.126A	\$33,177	\$33,175	\$33,175
	Total		<u>\$33,177</u>	<u>\$33,175</u>	<u>\$33,175</u>
Carl D. Perkins - Basic	07/01/14 - 06/30/15	84.048	\$23,592	\$23,592	\$23,592
	Total		<u>\$23,592</u>	<u>\$23,592</u>	<u>\$23,592</u>
Passed through Oregon University System:					
Gear Up Program - Regular	07/01/14 - 06/30/15	84.334	\$25,000	\$24,972	\$24,972
	Total		<u>\$25,000</u>	<u>\$24,972</u>	<u>\$24,972</u>
Total U.S. Department of Education			<u>\$1,726,347</u>	<u>\$1,477,218</u>	<u>\$1,477,218</u>
U.S. Department of Labor:					
Passed through Lane Workforce Partnership:					
WIA Youth Activities	07/01/14 - 06/30/15	17.259	\$150,139	\$139,914	\$139,914
	Total		<u>\$150,139</u>	<u>\$139,914</u>	<u>\$139,914</u>
Total U.S. Department of Labor			<u>\$150,139</u>	<u>\$139,914</u>	<u>\$139,914</u>
U.S. Department of Health and Human Services:					
Passed through Oregon Employment Division:					
Child Care Development	07/01/14 - 06/30/15	93.575	\$27,000	\$12,537	\$12,537
	Total		<u>\$27,000</u>	<u>\$12,537</u>	<u>\$12,537</u>
Total U.S. Department of Health and Human Services			<u>\$27,000</u>	<u>\$12,537</u>	<u>\$12,537</u>

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SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

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

U.S. Department of Agriculture:

Passed through Oregon State Department of Education:					
National School Lunch	07/01/14 - 06/30/15	10.555	N/A	\$661,374	\$661,374
National Sch Breakfast	07/01/14 - 06/30/15	10.553	N/A	\$230,590	\$230,590
Farmr to School	07/01/14 - 06/30/15	10.582	N/A	\$16,871	\$16,871
Fresh Fruit and Vegetable Program	07/01/14 - 06/30/15	10.582	N/A	\$95,541	\$95,541
Child Care	07/01/14 - 06/30/15	10.558	N/A	\$3,110	\$3,110
Commodities	07/01/14 - 06/30/15	10.555	N/A	\$86,496	\$86,496
	Total			\$0	\$1,093,983
Passed through Umpqua National Forest:					
Collaborative Forest Restoration	08/21/13 - 12/31/17	10.679	\$22,000	\$5,313	\$5,313
	08/21/13 - 12/31/17	10.679	\$12,000	\$3,366	\$3,366
	Total		\$34,000	\$8,679	\$8,679
Passed through Bureau of Land Management					
Secure Rural Schools	09/20/12 - 09/19/17	15.234	\$66,163	\$29,465	\$29,465
	Total		\$66,163	\$29,465	\$29,465
Oregon Youth Conservaton Corps	08/15/15 - 07/31/16	17.259	\$15,000	\$382	\$382
	Total		\$15,000	\$382	\$382
Oregon Youth Employmetrn Initiative:	06/01/14 - 09/07/15	17.259	\$23,700	\$2,992	\$2,992
			\$23,700	\$2,992	\$2,992
Passed through US Army Corps of Engineers:					
US Army Corps of Engineers	08/26/13 - 06/30/15	12.xxx	\$7,000	\$5,449	\$5,449
	08/27/12 - 07/31/14		\$13,000	\$5,447	\$5,447
	Total		\$20,000	\$10,896	\$10,896
Total U.S. Department of Agriculture:			\$158,863	\$1,146,398	\$1,146,398
Total Special Revenue Funds			\$3,101,697	\$2,776,066	\$2,776,066
U.S. Department of Education - General Fund:					
Passed through Lane County and Lane Education Service District:					
Schools & Roads -Grants to States	2014-2015	10.665	N/A	\$151,284	\$151,284
	Total		\$0	\$151,284	\$151,284
Total General Fund			\$0	\$151,285	\$151,285
Total Federal Financial Assistance			\$3,101,697	\$2,927,350 #	\$2,927,350

(1) Major Program

Note: Modified accrual basis was used for The Schedule of Federal Awards document.

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SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2015

GENERAL FUND

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/14</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/15</u>
<u>LANE COUNTY</u>						
CURRENT:						
2014-15	\$ 6,081,546	\$ 156,757	\$ (29,229)	\$ 2,334	\$ 5,731,068	\$ 166,826
PRIOR:						
2013-14	172,373	(329)	(18,636)	5,861	65,550	94,377
2012-13	97,003	(266)	(15,910)	6,138	23,555	63,942
2011-12	68,505	(8)	(8,531)	7,561	24,952	42,591
2010-11	44,110	(1)	(5,478)	4,718	12,680	30,671
PRIOR:	69,097	(10)	(3,856)	2,363	3,449	64,165
Total Prior	451,088	(614)	(52,411)	26,641	130,186	295,746
Total General Fund	\$ 6,532,634	\$ 156,143	\$ (81,640)	\$ 28,975	\$ 5,861,254	\$ 462,572

DOUGLAS COUNTY

CURRENT:						
2014-15	\$ 11908	\$ 297	\$ (50)	\$ 6	\$ 11,051	\$ 516
PRIOR:						
2013-14	455	-	(19)	15	197	254
2012-13	260	-	(22)	17	81	174
2011-12	188	-	(29)	27	89	97
2010-11	97	-	(26)	24	62	32
PRIOR:	60	-	(17)	12	18	38
Total Prior	1,060	-	(113)	95	447	595
Total General Fund	\$ 12,968	\$ 297	\$ (163)	\$ 101	\$ 11,498	\$ 1,111

RECONCILIATION TO REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 5,872,752
Accrual of Receivables:	
June 30, 2014	(21,272)
June 30, 2015	22,016
Other Taxes	175,427
Total Revenue	<u>\$ 6,048,923</u>

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - DEBT SERVICE FUND
For the Year Ended June 30, 2015

DEBT SERVICE FUND

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/15
<u>LANE COUNTY</u>						
CURRENT:						
2014-15	\$ 2,036,579	\$ 53,242	\$ (9,932)	\$ 793	\$ 1,946,549	\$ 27,649
PRIOR:						
2013-14	66,906	(125)	2,043	2,229	24,935	46,368
2012-13	37,652	(101)	1,914	2,335	8,960	33,042
2011-12	26,590	(3)	924	2,861	9,442	20,936
2010-11	17,121	-	628	1,794	4,823	14,720
PRIOR:	26,820	(4)	525	920	1,343	26,926
Total Prior	175,089	(233)	6,034	10,139	49,503	141,992
Total General Fund	\$ 2,211,668	\$ 53,009	\$ (3,898)	\$ 10,932	\$ 1,996,052	\$ 169,641
<u>DOUGLAS COUNTY</u>						
CURRENT:						
2014-15	\$ 4,045	\$ 100	\$ (17)	\$ 2	\$ 3,753	\$ 177
PRIOR:						
2013-14	175	-	(7)	5	66	107
2012-13	101	-	(18)	6	27	62
2011-12	73	-	(17)	9	27	38
2009-10	38	-	(13)	8	21	12
PRIOR:	24	-	(5)	4	6	17
Total Prior	411	-	(60)	32	147	236
Total General Fund	\$ 4,456	\$ 100	\$ (77)	\$ 34	\$ 3,900	\$ 413
RECONCILIATION TO REVENUE:						DEBT SERVICE FUND
Cash Collections by County Treasurer Above						\$ 1,999,952
Accrual of Receivables:						
June 30, 2014						(7,721)
June 30, 2015						7,339
Other Taxes						(1,231)
Total Revenue						\$ 1,998,339

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SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

OTHER INFORMATION

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2014 - 15 DISTRICT AUDIT REVENUE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes Levied by District	\$5,876,014		\$2,008,048				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$44,302			
1190 Penalties and Interest on Taxes	\$46,246						
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State	\$55,668						
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	\$40,767	\$290	\$6,832	\$7,923		\$95	\$2,007
1600 Food Service		\$238,746					
1700 Extracurricular Activities		\$913,133					
1800 Community Services Activities		\$22,388					
1910 Rentals				\$54,406			
1920 Contributions and Donations From Private Sources		\$241,798					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds						\$1,858,873	
1980 Fees Charged to Grants	\$13,981						
1990 Miscellaneous	\$97,294	\$182,383					
Total Revenue from Local Sources	\$6,129,971	\$1,598,738	\$2,014,880	\$106,631	\$0	\$1,858,968	\$2,007
Revenue from Intermediate Sources							
2101 County School Funds	\$53,141						
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	\$329,245	\$504,266					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$382,386	\$504,266	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources							
3101 State School Fund - General Support	\$19,160,674						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$295,562						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$418,717					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$19,456,237	\$418,717	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources							
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State		\$2,677,033					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies		\$12,537					
4801 Federal Forest Fees	\$151,284						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$86,496					
Total Revenue from Federal Sources	\$151,284	\$2,776,066	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources							
5100 Long Term Debt Financing Sources				\$2,000,000			
5200 Interfund Transfers	\$68,129	\$1,228,100	\$67,904	\$500,000			
5300 Sale of or Compensation for Loss of Fixed Assets	\$7,439			\$9,909			
5400 Resources - Beginning Fund Balance	\$3,149,193	\$1,306,189	\$601,230	\$126,259		\$259,863	\$387,969
Total Revenue from Other Sources	\$3,224,761	\$2,534,289	\$669,134	\$2,636,167	\$0	\$259,863	\$387,969
Grand Totals	\$29,344,639	\$7,832,075	\$2,684,014	\$2,742,799	\$0	\$2,118,831	\$389,976

**2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3**

Fund: 100 General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$4,391,610	\$3,003,819	\$1,299,224	\$27,885	\$60,681			
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$2,286,546	\$1,534,973	\$684,685	\$15,390	\$51,497			
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$3,892,961	\$2,572,780	\$1,172,324	\$56,471	\$89,738	\$1,648		
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$2,059	\$1,500	\$363		\$196			
1220 Restrictive Programs for Students with Disabilities	\$2,129,462	\$1,337,993	\$602,347	\$187,251	\$1,871			
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$1,000,793			\$1,000,793				
1291 English Second Language Programs	\$252,199	\$156,585	\$94,335	\$279	\$1,000			
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$13,955,630	\$8,607,650	\$3,853,278	\$1,288,070	\$204,984	\$1,648	\$0	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$377,825	\$268,703	\$109,122					
2130 Health Services	\$150,993	\$104,037	\$43,450	\$878	\$2,492		\$135	
2140 Psychological Services	\$226,158	\$150,290	\$71,995	\$29	\$3,845			
2150 Speech Pathology and Audiology Services	\$272,854	\$186,725	\$83,119	\$550	\$1,675		\$785	
2160 Other Student Treatment Services	\$200,115			\$200,115				
2190 Service Direction, Student Support Services	\$229,540	\$146,747	\$66,154	\$13,663	\$2,977			
2210 Improvement of Instruction Services	\$193,036	\$122,707	\$64,702	\$988	\$4,640			
2220 Educational Media Services	\$234,301	\$149,967	\$65,569	\$6,989	\$11,775			
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$14,835			\$4,654	\$1,375		\$8,807	
2320 Executive Administration Services	\$292,590	\$187,307	\$88,612	\$12,871	\$3,351		\$449	
2410 Office of the Principal Services	\$2,324,528	\$1,565,597	\$749,931	\$9,000				
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$435,254	\$205,928	\$103,753	\$111,917	\$4,369		\$9,287	
2540 Operation and Maintenance of Plant Services	\$2,645,680	\$868,353	\$533,229	\$895,198	\$138,590		\$210,310	
2550 Student Transportation Services	\$2,086,927	\$1,033,435	\$668,528	\$48,688	\$289,527	\$46,749		
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$302,033	\$176,085	\$95,594	\$16,657	\$13,298		\$400	
2660 Technology Services	\$502,663	\$255,871	\$141,049	\$78,920	\$14,765		\$12,058	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$10,489,335	\$5,421,753	\$2,884,807	\$1,401,117	\$492,678	\$46,749	\$242,231	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$12,863						\$12,863	
5200 Transfers of Funds	\$1,794,904							\$1,794,904
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$1,807,767	\$0	\$0	\$0	\$0	\$0	\$12,863	\$1,794,904
Grand Total	\$26,252,732	\$14,029,404	\$6,738,085	\$2,689,187	\$697,661	\$48,397	\$255,094	\$1,794,904

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3

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		\$42,385	\$36,621	\$6,330	\$101	-\$666			
1113 Elementary Extracurricular		\$139,280			\$46,252	\$89,835		\$3,193	
1121 Middle/Junior High Programs		\$4,912	\$4,031	\$883		-\$1			
1122 Middle/Junior High School Extracurricular		\$62,204			\$1,840	\$60,153		\$210	
1131 High School Programs		\$59,288	\$31,135	\$5,190	\$3,858	\$19,105			
1132 High School Extracurricular		\$971,006	\$261,480	\$48,542	\$99,008	\$488,024		\$73,953	
1140 Pre-Kindergarten Programs		\$0							
1210 Programs for the Talented and Gifted		\$6,351	\$4,836	\$1,222		\$293			
1220 Restrictive Programs for Students with Disabilities		\$613,147	\$353,406	\$259,711	\$30				
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Treatment and Habilitation		\$0							
1271 Remediation		\$4,140	\$3,011	\$813		\$316			
1272 Title I		\$606,188	\$364,381	\$220,197	\$1,000	\$20,611			
1280 Alternative Education		\$148,593	\$95,651	\$42,498	\$6,768	\$3,676			
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
Total Instruction Expenditures		\$2,657,494	\$1,154,550	\$585,385	\$158,857	\$681,346	\$0	\$77,356	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		\$240,292	\$110,259	\$25,204	\$80,845	\$23,984			
2120 Guidance Services		\$0							
2130 Health Services		\$102,340	\$43,878	\$18,256	\$25,345	\$11,715	\$3,146		
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$2,118	\$1,783	\$298		\$37			
2210 Improvement of Instruction Services		\$676,656	\$280,159	\$101,889	\$46,143	\$248,377		\$87	
2220 Educational Media Services		\$0							
2230 Assessment & Testing		\$31,267	\$20,449	\$4,691		\$6,126			
2240 Instructional Staff Development		\$135,392	\$56,490	\$18,548	\$55,333	\$5,021			
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$0							
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$14,433						\$14,433	
2540 Operation and Maintenance of Plant Services		\$0							
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$0							
2630 Information Services		\$104,061	\$45,035	\$24,789	\$14,498	\$14,310		\$5,429	
2640 Staff Services		\$17,401	\$11,449	\$2,494	\$975	\$2,483			
2660 Technology Services		\$155,431			\$8,156	\$145,965		\$1,310	
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$34,350	\$4,780	\$593	\$9,530	\$4,220		\$15,227	
2700 Supplemental Retirement Program		\$230,949		\$230,949					
Total Support Services Expenditures		\$1,744,690	\$574,283	\$427,712	\$240,824	\$462,239	\$3,146	\$36,486	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		\$1,443,713	\$497,313	\$310,032	\$19,469	\$552,277	\$63,669	\$953	
3200 Other Enterprise Services		\$0							
3300 Community Services		\$172,945	\$106,865	\$40,501	\$14,602	\$10,976			
3500 Custody and Care of Children Services		\$0							
Total Enterprise and Community Services Expenditures		\$1,616,658	\$604,178	\$350,532	\$34,072	\$563,254	\$63,669	\$953	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$0							
4180 Other Capital Items		\$0							
4190 Other Facilities Construction Services		\$0							
Total Facilities Acquisition and Construction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$57,297						\$57,297	
5200 Transfers of Funds		\$69,229							\$69,229
5300 Apportionment of Funds by ESD		\$0							
5400 PERS UAL Bond Lump Sum		\$0							
Total Other Uses Expenditures		\$126,526	\$0	\$0	\$0	\$0	\$0	\$57,297	\$69,229
Grand Total		\$6,145,368	\$2,333,011	\$1,363,629	\$433,753	\$1,706,838	\$66,815	\$172,092	\$69,229

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3

Fund: 300 Debt Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$2,252,006						\$2,252,006	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$2,252,006	\$0	\$0	\$0	\$0	\$0	\$2,252,006	\$0
Grand Total	\$2,252,006	\$0	\$0	\$0	\$0	\$0	\$2,252,006	\$0

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3

Fund: 400 Capital Projects Funds

Instruction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0								
1113 Elementary Extracurricular	\$0								
1121 Middle/Junior High Programs	\$0								
1122 Middle/Junior High School Extracurricular	\$0								
1131 High School Programs	\$0								
1132 High School Extracurricular	\$0								
1140 Pre-Kindergarten Programs	\$0								
1210 Programs for the Talented and Gifted	\$0								
1220 Restrictive Programs for Students with Disabilities	\$0								
1250 Less Restrictive Programs for Students with Disabilities	\$0								
1260 Treatment and Habilitation	\$0								
1271 Remediation	\$0								
1272 Title I	\$0								
1280 Alternative Education	\$0								
1291 English Second Language Programs	\$0								
1292 Teen Parent Program	\$0								
1293 Migrant Education	\$0								
1294 Youth Corrections Education	\$0								
1299 Other Programs	\$0								
1300 Adult/Continuing Education Programs	\$0								
1400 Summer School Programs	\$0								
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0								
2120 Guidance Services	\$0								
2130 Health Services	\$0								
2140 Psychological Services	\$0								
2150 Speech Pathology and Audiology Services	\$0								
2160 Other Student Treatment Services	\$0								
2190 Service Direction, Student Support Services	\$0								
2210 Improvement of Instruction Services	\$0								
2220 Educational Media Services	\$0								
2230 Assessment & Testing	\$0								
2240 Instructional Staff Development	\$0								
2310 Board of Education Services	\$0								
2320 Executive Administration Services	\$0								
2410 Office of the Principal Services	\$0								
2490 Other Support Services - School Administration	\$0								
2510 Direction of Business Support Services	\$0								
2520 Fiscal Services	\$0								
2540 Operation and Maintenance of Plant Services	\$345,883			\$160,192	\$113,539	\$12,152	\$60,000		
2550 Student Transportation Services	\$0								
2570 Internal Services	\$0								
2610 Direction of Central Support Services	\$0								
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0								
2630 Information Services	\$0								
2640 Staff Services	\$0								
2660 Technology Services	\$0								
2670 Records Management Services	\$0								
2690 Other Support Services - Central	\$0								
2700 Supplemental Retirement Program	\$0								
Total Support Services Expenditures	\$345,883	\$0	\$0	\$160,192	\$113,539	\$12,152	\$60,000		\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0								
3200 Other Enterprise Services	\$0								
3300 Community Services	\$0								
3500 Custody and Care of Children Services	\$0								
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0								
4120 Site Acquisition and Development Services	\$0								
4150 Building Acquisition, Construction, and Improvement Services	\$679,032					\$60,000	\$578,931	\$40,100	
4180 Other Capital Items	\$0								
4190 Other Facilities Construction Services	\$0								
Total Facilities Acquisition and Construction Expenditures	\$679,032	\$0	\$0	\$0	\$0	\$60,000	\$578,931	\$40,100	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0								
5200 Transfers of Funds	\$0								
5300 Apportionment of Funds by ESD	\$0								
5400 PERS UAL Bond Lump Sum	\$0								
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$1,024,915	\$0	\$0	\$160,192	\$173,539	\$591,083	\$100,100	\$0	\$0

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3

Fund: 600 Internal Service Funds

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$1,856,260						\$1,856,260	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$1,856,260	\$0	\$0	\$0	\$0	\$0	\$1,856,260	\$0
Grand Total	\$1,856,260	\$0	\$0	\$0	\$0	\$0	\$1,856,260	\$0

2014 - 15 DISTRICT AUDIT EXPENDITURE SUMMARY
SOUTH LANE SCHOOL DISTRICT 45J3

Fund: 700 Trust and Agency Funds

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Elementary, K-5 or K-6	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$1,000						\$1,000	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Treatment and Habilitation	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$1,000	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0
Support Services Expenditures								
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$833			\$210	\$623			
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$833	\$0	\$0	\$210	\$623	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$4,500			\$4,500				
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$4,500	\$0	\$0	\$4,500	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4180 Other Capital Items	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$6,333	\$0	\$0	\$4,710	\$623	\$0	\$1,000	\$0

SOUTH LANE SCHOOL DISTRICT NO. 45J3

LANE COUNTY, OREGON

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

A.	Energy bills for heating - all funds:		Objects 325 and 326
		Function 2540	\$ 583,028
		Function 2550	16,401
B.	Replacement of equipment - General Fund:		
	Include all General Fund expenditures in Object 542, except for the following exclusions:		Amount
	Exclude these functions:		
	1113, 1122 & 1132	Co-curricular activities	
	1140	Pre-kindergarten	
	1300	Continuing education	
	1400	Summer school	
		4150	
		2550	
		3100	
		3300	
		Construction	\$ 1,648
		Pupil transportation	
		Food service	
		Community services	

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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December 22, 2015

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the South Lane School District No. 45J3 as of and for the year ended June 30, 2015, and have issued our report thereon dated December 22, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

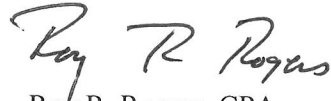
In connection with our testing nothing came to our attention that caused us to believe the South Lane School District No. 45J3 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Expenditures exceeded budgeted appropriations as described on page 21.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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December 22, 2015

To the Board of Education
South Lane School District No. 45J3
Lane County, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of South Lane School District No. 45J3 as of and for the year ended June 30, 2015, and the related notes to the basic financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

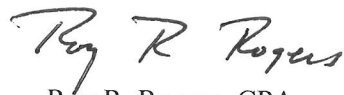
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.



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December 22, 2015

To the Board of Education
South Lane School District No. 45J3
Lane County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited South Lane School District No. 45J3's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2015. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, South Lane School District No. 45J3, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

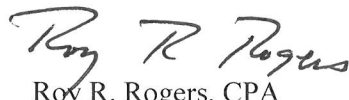
Report on Internal Control Over Compliance

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

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

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

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



Roy R. Rogers, CPA
PAULY, ROGERS AND CO., P.C.

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? yes no

 Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

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

FEDERAL AWARDS

Internal control over major programs:

 Material weakness(es) identified? yes no

 Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER NAME OF FEDERAL PROGRAM CLUSTER

84.027 IDEA

10.665 Schools & Roads

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

Auditee qualified as low-risk auditee? yes no

SOUTH LANE SCHOOL DISTRICT NO. 45J3
LANE COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None.

SECTION IV – PRIOR FINANCIAL STATEMENT FINDINGS:

2014-FA-1

CONDITION: Adequate controls were not in place to ensure that adjusting journal entries were properly prepared and reviewed.

CRITERIA: Journal entries should be prepared and reviewed by a person independent of the person making the entry prior to the entries being posted to the general ledger.

EFFECT: Without controls or procedures in place to monitor the adjusting journal entry process, there is a likelihood of an unintentional error or irregularity existing and not being detected that could result in a material misstatement of the financial statements.

CAUSE: Insufficient resources appeared to be allocated to the monitoring of the journal entry process.

RECOMMENDATION: A control structure should be implemented where all adjusting journal entries be reviewed and approved by a second party; furthermore, this review and approval should be evidenced prior to posting.

RESPONSE: The District will implement a control structure where all adjusting journal entries must be reviewed and approved by a second party prior to posting. This correction was implemented after November 2013.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The schedule of expenditures of federal awards includes the federal grant activity for South Lane School District No. 45J3 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.