

***VERNONIA SCHOOL DISTRICT NO. 47J
FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION
Year Ended June 30, 2013***

BOARD OF DIRECTORS

<i>Name</i>	<i>Title</i>
Jim Krahn 18731 Mellinger Road Vernonia, Oregon 97064	Chair
Bill Langmaid 55221 McDonald Road Vernonia, Oregon 97064	Vice-Chair
Cari Levenseller 58145 Pebble Creek Road Vernonia, Oregon 97064	Member
Greg Kintz 54240 Nehalem Highway, South Vernonia, Oregon 97064	Member
Tim Bamburg P.O. Box 305 Vernonia, Oregon 97064	Member
Ernie Smith 1025 4 th Avenue Vernonia, Oregon 97064	Member
Camrin Eyrrick 916 6 th Avenue Vernonia, Oregon 97064	Member

ADMINISTRATIVE

Vernonia School District No. 47J
1201 Texas Avenue
Vernonia, Oregon 97064

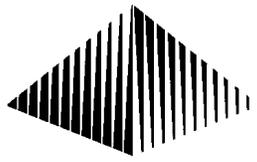
Dr. Kenneth Cox, Superintendent, Clerk and Budget Officer
Dawn Plews, Business Manager

VERNONIA SCHOOL DISTRICT NO. 47J
TABLE OF CONTENTS

	<u>Page</u>
<i>FINANCIAL SECTION</i>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Basic Financial Statements	16-31
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund	32
Other Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Capital Reserve Fund	33
Combining Balance Sheet - Nonmajor Governmental Funds	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	35
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Combined Grants and Projects Fund	36
Food Service Fund	37
Debt Service Fund	38
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	
General Fund	39-40
Combined Grants and Projects Fund	41-42
Food Service Fund	43-44
Debt Service Fund	45-46
Capital Reserve Fund	47-48
Other Schedules	
Schedule of Property Tax Transactions	49
Schedule of Future Debt Requirements by Issue	50-51
Schedule of Receipts, Disbursements, and Cash Balances - Vernonia High School Activity Fund	52-53
Schedule of Receipts, Disbursements, and Cash Balances - Vernonia Elementary and Middle School Activity Fund	54
Department of Education Supplemental Information	55

VERNONIA SCHOOL DISTRICT NO. 47J
TABLE OF CONTENTS (Continued)

	<u>Page</u>
<i>COMPLIANCE SECTION</i>	
Independent Auditor's Report Required by Oregon State Regulations	56-57
Schedule of Expenditures of Federal Awards	58-59
Notes to Schedule of Expenditures of Federal Awards	60
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	61-62
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	63-64
Schedule of Findings and Questioned Costs	65
Schedule of Prior Year Findings and Questioned Costs	66



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

School Board
Vernonia School District 47J
1201 Texas Avenue
Vernonia, Oregon 97064

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vernonia School District 47J, Columbia County, Oregon (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vernonia School District 47J, Columbia County, Oregon as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of a Matter

As discussed in the notes to the financial statements, the District has not accrued a liability for other postemployment benefits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 4 through 9) and the budgetary comparison information (page 32) 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 MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and was derived from and relates 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 budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information 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 the 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 other 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 other supplementary information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

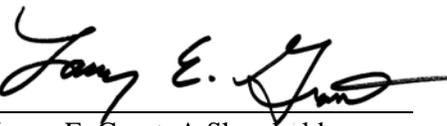
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 31, 2013, on our consideration of the District's 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.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

As management of Vernonia School District No. 47J (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2013 was \$21.7 million. Of this amount, \$20.4 million represents the District's investment in capital assets, net of related debt, \$711 thousand is restricted for capital projects, \$98 thousand is restricted for debt service, and \$384 thousand is unrestricted.
- The District's total net position increased by \$2.8 million.
- The District's governmental funds reported a combined ending fund balance of \$998 thousand at June 30, 2013, an increase of \$187 thousand.
- At the end of the fiscal year ended June 30, 2013, unassigned fund balance for the General Fund was \$182 thousand, which represents a decrease of \$295 thousand in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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. These statements include:

The Statement of Net Position. The *statement of net position* presents information on all of the assets and liabilities of the District as of the date on the statement. Net position is what remains 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. The *statement of activities* presents information showing how the net position of the District 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 as governmental activities. All basic District functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. 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, focusing on its most significant or "major" funds – not the District as a whole. 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. Vernonia School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund's statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Reserve Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the other supplementary information.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required and other supplementary information* related to schedules of revenues, expenditures and changes in fund balance-budget and actual for all funds. The combining statements for nonmajor governmental funds are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$21.7 million as of June 30, 2013, an increase of \$2.8 million during the year.

Net investment in capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, net of accumulated depreciation, represents about 94 percent of total assets. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable.

The District's largest liability (94% versus 82% in 2012) is for the repayment of long-term obligations. Other liabilities (6% of the District's total liabilities versus 18% in 2012) consist primarily of payables on accounts, salaries and benefits, and amounts received but unearned at June 30, 2013.

A large portion of the District's net position reflect its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these 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 Position
June 30,

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Current and other assets	\$ 2,410,152	\$ 5,310,988	\$ (2,900,836)
Capital assets	39,704,058	37,428,170	2,275,888
Total assets	42,114,210	42,739,158	(624,948)
Current liabilities	1,203,493	4,286,491	(3,082,998)
Long-term liabilities	19,238,912	19,612,830	(373,918)
Total liabilities	20,442,405	23,899,321	(3,456,916)
Net position:			
Net investment in capital assets	20,478,502	18,394,878	2,083,624
Restricted	809,665	75,883	733,782
Unrestricted	383,638	369,076	14,562
Total Net Position	<u>\$ 21,671,805</u>	<u>\$ 18,839,837</u>	<u>\$ 2,831,968</u>

Statement of Activities. During the current fiscal year, the District's net position increased by \$2.8 million, as compared to an increase of \$16.3 million the prior year. The key elements of the change in the District's net position for the year ended June 30, 2013 are as follows:

- Capital grants and contributions decreased \$7.5 million.
- Gain on sale or loss of capital assets decreased by \$5.6 million due to the prior year transfer of the former school and District office locations to the City of Vernonia. Current year gains were largely due to the recognition of demolition escrow receipts from the prior year. Capital grants and contributions decreased \$7.5 million as they were one-time events for the completion of the new K-12 facility.

Statements of Activities
June 30,

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for service	\$ 309,648	\$ 346,323	\$ (36,675)
Operating grants and contributions	826,742	1,199,557	(372,815)
Capital grants and contributions	2,252,967	9,733,634	(7,480,667)
General revenues			
Property taxes, levied for general purposes	2,107,545	2,115,248	(7,703)
Property taxes, levied for debt service	782,090	767,001	15,089
State school fund	2,573,231	2,532,563	40,668
Common school fund	51,217	48,240	2,977
Unrestricted state and local sources	718,531	836,615	(118,084)
Earnings on investments	11,436	23,208	(11,772)
Miscellaneous	107,008	94,153	12,855
Gain (loss) on disposition of capital assets	1,277,581	6,896,132	(5,618,551)
<i>Total revenues</i>	<u>11,017,996</u>	<u>24,592,674</u>	<u>(13,574,678)</u>
Expenses			
Instructional services	4,361,931	3,786,049	575,882
Support services	2,821,199	3,094,072	(272,873)
Food services	238,692	222,396	16,296
Facilities services	91,823	962,307	(870,484)
Interest on long-term liabilities	672,383	272,541	399,842
<i>Total expenses</i>	<u>8,186,028</u>	<u>8,337,365</u>	<u>(151,337)</u>
Change in net position	2,831,968	16,255,309	(13,423,341)
Net position, beginning of year	18,839,837	2,584,528	16,255,309
Net position, end of year	<u>\$ 21,671,805</u>	<u>\$ 18,839,837</u>	<u>\$ 2,831,968</u>

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, *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, 2013, the District's governmental funds reported combined ending fund balances of \$998 thousand, an increase of \$187 thousand in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2013, fund balance was \$182 thousand. The fund balance decreased by \$295 thousand during the current fiscal year.

General Fund Budgetary Highlights

The Board approved a supplemental budget to the adopted budget for the fiscal year ended June 30, 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As June 30, 2013, the District had invested \$39,704,058 in capital assets, net of depreciation, as shown in the following table:

	Capital Assets (net of depreciation)		
	June 30,		
	<u><i>2013</i></u>	<u><i>2012</i></u>	<u><i>Change</i></u>
Land and improvements	\$ 1,528,510	\$ 1,528,510	\$ -
Construction in progress	47,085	35,660,782	(35,613,697)
Building and improvements	38,082,693	182,119	37,900,574
Vehicles and equipment	45,770	56,759	(10,989)
Total	<u>\$ 39,704,058</u>	<u>\$ 37,428,170</u>	<u>\$ 2,275,888</u>

During fiscal year 2012-13, the District's investment in capital assets increased by \$2.3 million. The major capital asset event for the year ended June 30, 2013 was the transfer of the new K-12 school building from construction in progress to building and improvements.

Additional information regarding the District's capital assets can be found in the notes to the financial statements of this report.

Long-term Debt. On July 1, 2004, the District issued \$995,000 in certificates of participation. During the year, \$45,000 of principal was paid on the debt. At June 30, 2013, the District has \$640,000 of outstanding certificates of participation payable.

In August 2005, the District issued \$487,660 in Qualified Zone Academy Bonds. During the year, this debt was reduced by \$33,206. At June 30, 2013, the District has \$247,577 of outstanding Qualified Zone Academy Bonds payable.

In November of 2009, the District issued \$13,000,000 in general obligation bonds. During the year, \$140,000 of principal was paid on the debt. At June 30, 2013, the District has \$12,750,000 of outstanding general obligation bonds payable.

In October of 2010, the District issued \$3,400,000 in Qualified School Construction Bonds (QSCB). During the year, \$194,267 of principal was paid on the debt. At June 30, 2013, the District has \$2,810,000 of outstanding certificates of participation payable.

In June of 2012, the District secured a loan from Wedbush Bank through a Grant Anticipation Note (GAN) for \$2,050,000 which was due and payable in spring of 2013 upon receipt by the District of Oregon Department of Education Facilities Grant proceeds. The entire balance was paid during the fiscal year.

In August of 2012, the District secured a loan from the State of Oregon Department of Energy through the Small Scale Local Energy Loan Program (SSELP) for \$1,000,000. During the year, \$29,965 of principal was paid on the debt. At June 30, 2013, the District has \$970,035 outstanding on this note.

In June of 2013, the District secured a second loan from the State of Oregon Department of Energy through the Small Scale Local Energy Loan Program (SSELP). This loan was for \$1,237,342.

Additional information on the District's long-term debt can be found in the notes to basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A significant economic factor for the District is the State of Oregon's State School Fund (SSF). For the year ended June 30, 2013, the State School Fund - General Support provided about 44 percent of the District's General Fund revenues.

Salaries and benefits costs are expected to increase in 2013-2014 based on negotiated contractual obligations.

The District experienced an 11 percent decline in enrollment as a direct result of the flood during 2007-08. Enrollment has dropped each year since except one. Since the 2006-07 fiscal year, the District has seen total enrollment drop nearly 23 percent. These sharp decreases in enrollment over the past years have caused significant decreases in funding.

The multi-year construction of the new school building was completed during the 2012-13 fiscal year and the building is now in use.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2013-2014 fiscal year.

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 Financial Services, 1201 Texas Avenue, Vernonia, Oregon 97064.

VERNONIA SCHOOL DISTRICT NO. 47J
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Cash and investments	\$	1,584,361
Receivables		823,044
Inventories		2,747
Capital assets not being depreciated		
Land		1,528,510
Construction in progress		47,085
Capital assets, net of accumulated depreciation		
Buildings		38,082,693
Equipment		45,770
		<hr/>
<i>Total Assets</i>		42,114,210

LIABILITIES

Accounts payable and accrued expenses		520,366
Unearned revenue		612,898
Accrued compensated absences payable		15,073
Accrued interest		55,156
Long-term liabilities		
Portion due within one year		579,468
Portion due in more than one year		18,659,444
		<hr/>
<i>Total Liabilities</i>		20,442,405

NET POSITION

Net investment in capital assets		20,478,502
Restricted for		
Capital projects		711,276
Debt service		98,389
Unrestricted		383,638
		<hr/>
<i>Total Net Position</i>	\$	21,671,805

The accompanying notes are an integral part of the financial statements.

VERNONIA SCHOOL DISTRICT NO. 47J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Instructional services	\$ 4,361,931	\$ 232,850	\$ 697,533	\$ -	\$ (3,431,548)
Support services	2,821,199	2,403	-	-	(2,818,796)
Food services	238,692	74,395	129,209	-	(35,088)
Facilities services	91,823	-	-	2,252,967	2,161,144
Interest on long-term liabilities	672,383	-	-	-	(672,383)
<i>Total Governmental Activities</i>	<u>\$ 8,186,028</u>	<u>\$ 309,648</u>	<u>\$ 826,742</u>	<u>\$ 2,252,967</u>	<u>(4,796,671)</u>
General Revenues:					
Property taxes, levied for general purposes					2,107,545
Property taxes, levied for debt service					782,090
State school fund					2,573,231
Common school fund					51,217
Unrestricted state and local sources					718,531
Earnings on investments					11,436
Miscellaneous					107,008
Gain on disposition of capital assets					1,277,581
<i>Total General Revenues</i>					<u>7,628,639</u>
Change in Net Position					2,831,968
Net Position - beginning					<u>18,839,837</u>
Net Position - ending					<u>\$ 21,671,805</u>

The accompanying notes are an integral part of the financial statements.

VERNONIA SCHOOL DISTRICT NO. 47J
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Capital Projects</u>			<u>Total</u>
	<u>General</u>	<u>Capital Reserve</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and investments	\$ 151,847	\$ 1,413,035	\$ 19,479	\$ 1,584,361
Property taxes receivable	250,409	-	80,961	331,370
Due from other funds	52,278	-	-	52,278
Other receivables	274,358	30,000	187,316	491,674
Inventories	-	-	2,747	2,747
<i>Total Assets</i>	<u>\$ 728,892</u>	<u>\$ 1,443,035</u>	<u>\$ 290,503</u>	<u>\$ 2,462,430</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 12,998	\$ 125,596	\$ 3,089	\$ 141,683
Due to other funds	-	-	52,278	52,278
Accrued salaries and benefits	326,027	1,983	50,673	378,683
Unearned revenue	-	604,180	8,718	612,898
<i>Total Liabilities</i>	339,025	731,759	114,758	1,185,542
 Deferred Inflows of Resources				
Unavailable revenue - property taxes	208,306	-	70,606	278,912
 Fund Balances				
Nonspendable inventory	-	-	2,747	2,747
Restricted for:				
Capital projects	-	711,276	-	711,276
Debt service	-	-	27,783	27,783
Student body	-	-	69,505	69,505
Grants and projects	-	-	5,104	5,104
Unassigned	181,561	-	-	181,561
<i>Total Fund Balances</i>	<u>181,561</u>	<u>711,276</u>	<u>105,139</u>	<u>997,976</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 728,892</u>	<u>\$ 1,443,035</u>	<u>\$ 290,503</u>	<u>\$ 2,462,430</u>

The accompanying notes are an integral part of the financial statements.

VERNONIA SCHOOL DISTRICT NO. 47J

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

FUND BALANCES			\$ 997,976
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	40,736,544		
Accumulated depreciation	<u>(1,032,486)</u>	39,704,058	
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.			278,912
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.			
These liabilities consist of:			
Accrued interest payable	(55,156)		
Compensated absences payable	(15,073)		
Early retirement incentives	(13,356)		
Capital leases	(21,766)		
Long-term debt	<u>(19,203,790)</u>	<u>(19,309,141)</u>	
TOTAL NET POSITION			<u>\$ 21,671,805</u>

The accompanying notes are an integral part of the financial statements.

VERNONIA SCHOOL DISTRICT NO. 47J
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Capital Projects Reserve</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
Local sources	\$ 2,462,981	\$ 41,911	\$ 1,040,550	\$ 3,545,442
Intermediate sources	105,786	-	-	105,786
State sources	3,306,337	2,107,157	2,458	5,415,952
Federal sources	38,014	278,886	498,165	815,065
<i>Total Revenues</i>	5,913,118	2,427,954	1,541,173	9,882,245
EXPENDITURES				
Current				
Instruction	3,109,252	-	500,855	3,610,107
Support services	2,750,034	52,592	11,924	2,814,550
Enterprise and community services	-	-	236,090	236,090
Facility acquisition and construction	-	86,933	-	86,933
Debt service				
Principal	275,476	2,112,834	140,000	2,528,310
Interest and other charges	43,281	203,829	619,680	866,790
Capital outlay	-	3,020,476	47,085	3,067,561
<i>Total Expenditures</i>	6,178,043	5,476,664	1,555,634	13,210,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(264,925)	(3,048,710)	(14,461)	(3,328,096)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	2,237,342	-	2,237,342
Transfers in	-	-	31,559	31,559
Transfers out	(31,559)	-	-	(31,559)
Sale of/or compensation for loss of capital assets	1,000	1,276,581	-	1,277,581
<i>Total Other Financing Sources (Uses)</i>	(30,559)	3,513,923	31,559	3,514,923
NET CHANGE IN FUND BALANCES	(295,484)	465,213	17,098	186,827
FUND BALANCES, beginning	477,045	246,063	88,041	811,149
FUND BALANCES, ending	\$ 181,561	\$ 711,276	\$ 105,139	\$ 997,976

The accompanying notes are an integral part of the financial statements.

VERNONIA SCHOOL DISTRICT NO. 47J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

NET CHANGE IN FUND BALANCES - (Governmental Funds)		\$ 186,827
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Expenditures for capital assets	3,067,561	
Less current year depreciation	<u>(791,673)</u>	2,275,888
<p>Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount by which repayments exceeded proceeds:</p>		
Debt proceeds	(2,237,342)	
Debt principal repaid	2,528,310	
Amortization of bond premium	<u>63,221</u>	354,189
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.		(1,890)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		(8,754)
Early retirement incentives are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives are recognized as expenditures when earned.		19,729
Compensated absences are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned.		<u>5,979</u>
CHANGE IN NET POSITION		<u>\$ 2,831,968</u>

The accompanying notes are an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vernonia School District No. 47J (the District) is a municipal corporation governed by a separately elected seven-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in the basic financial statements.

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

Capital Reserve Fund - This fund accounts for the accumulation of funds to be used for future capital improvement projects.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

In addition, the District reports the following as nonmajor governmental funds:

Combined Grants and Projects Fund - This fund accounts for the revenues and expenditures related to federal and other grants received from various federal, state and local sources restricted for specific educational projects.

Food Service Fund - This fund accounts for the various food service programs provided by the District. The sale of food and Federal reimbursements administered by the State are the major revenue sources.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for the principal and interest on long-term general obligation debt.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

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

Cash, Cash Equivalents and Investments

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

The District's investments consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued)

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

Property Taxes Receivable

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

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of unrestricted state support and claims for reimbursement of costs under various federal and state grants. Amounts are periodically reviewed for collectability. At June 30, 2013, no allowance for doubtful accounts is considered necessary.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

Inventories

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year.

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

Buildings and improvements	20 to 60 years
Equipment and vehicles	3 to 20 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plans

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

The 2003 Oregon Legislature passed PERS reform legislation that essentially created a new retirement plan for employees hired on or After August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

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

Postemployment Health Care Benefits

The Board of Directors, through contract negotiations, previously authorized the District to offer early retirement incentive benefits to eligible employees. The District provides payments in accordance with current employee contracts primarily on a pay-as-you-go basis. Expenditures are recorded in the governmental funds as the insurance premiums are paid.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave except as noted below.

1. 16.7% of the unused sick leave accumulated will be paid as severance pay if the employee has completed 10 or more years, but less than 15 years of service in the District, limited to 17 days of pay.
2. 25% of the unused sick leave accumulated will be paid as severance pay if the employee has completed 15 years or more of service in the District, limited to 25 days' pay.

All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Vacation pay does not accumulate beyond 200 hours for classified personnel. For year ended June 30, 2013, the District disbursed \$7,294 for sick leave pay as a result of resignation or retirement. Accrued vacation payable as of June 30, 2013 totaled \$15,073.

Long-term Obligations

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

In the fund financial statements, bond premiums are recognized when incurred and not deferred. The face amount of the debt issued and premiums received on debt issuances are reported as other financing sources.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. It arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue – property taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

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

Fund Balance

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

Governmental Fund type fund balances are classified below:

Nonspendable – Amounts that cannot be spent because they are either in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted – Amounts that can be spent only for specific purposes when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board can modify or rescind the commitment at any time through taking a similar formal action.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Assigned – Amounts that are constrained by the District’s intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the School Board approves which resources should be “reserved” during the adoption of the annual budget. The District’s Deputy Clerk uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District’s Annual Financial Report.

Unassigned – All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

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.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenues sources” means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital equipment and facilities.

Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for the principal and interest maturing in future years should also be reported in debt service funds.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types except that capital outlay expenditures, including items below the District’s capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budget (Continued)

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. The budget is adopted, appropriations made, and the tax levy declared no later than June 30 each year. Unexpected additional resources may be added to the budget through the use of a supplemental budget or appropriation resolution.

Supplemental budgets of less than 10% of a fund’s original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a 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) with Board approval. During the year, there was one supplemental budget affecting appropriations. Appropriations lapse at the end of each fiscal year.

CASH AND INVESTMENTS

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund's portion of the pool is displayed in the basic financial statements as “Cash and investments.”

Cash and investments are comprised of the following as of June 30, 2013:

	<i>Carrying Value</i>	<i>Fair Value</i>
Cash		
Cash on hand	\$ 100	\$ 100
Deposits with financial institutions	709,147	709,147
Amounts held in escrow, restricted for capital projects	727,158	727,158
Investments		
Local Government Investment Pool	147,956	147,956
	\$ 1,584,361	\$ 1,584,361

Deposits

The book balance of the District’s bank deposit accounts was \$709,147 and the bank balance was \$1,021,185 at year end. The difference is due to transactions in process. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public funds deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

CASH AND INVESTMENTS *(Continued)*

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District's bank balances exceeded FDIC limits by \$751,684 as of June 30, 2013.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

Credit Risk

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper and the State of Oregon Treasurer's Local Government Investment Pool.

The District's policy, which adheres to State of Oregon law, is to limit its investments to the State of Oregon Treasurer's Local Government Investment Pool.

The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool (LGIP) is a part and is not registered with the U.S. Securities and Exchange Commission. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer to meet the financial and administrative responsibilities of federal arbitrage regulations. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2013, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer. The LGIP is not rated for credit quality.

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

CASH AND INVESTMENTS (Continued)

Interest Rate Risk - Investments

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting their investments to the LGIP in accordance with the District's investment policy.

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<i>Balance July 1, 2012</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2013</i>
Capital assets not being depreciated:				
Land	\$ 1,528,510	\$ -	\$ -	\$ 1,528,510
Construction in progress	35,660,782	47,085	(35,660,782)	47,085
<i>Total Capital Assets Not Being Depreciated</i>	<u>37,189,292</u>	<u>47,085</u>	<u>(35,660,782)</u>	<u>1,575,595</u>
Capital assets being depreciated:				
Buildings and improvements	352,936	38,681,258	-	39,034,194
Equipment	101,105	-	-	101,105
Vehicles	25,650	-	-	25,650
<i>Total Capital Assets Being Depreciated</i>	<u>479,691</u>	<u>38,681,258</u>	<u>-</u>	<u>39,160,949</u>
Less accumulated depreciation for:				
Buildings and improvements	(170,817)	(780,684)	-	(951,501)
Equipment	(44,346)	(10,989)	-	(55,335)
Vehicles	(25,650)	-	-	(25,650)
<i>Total Accumulated Depreciation</i>	<u>(240,813)</u>	<u>(791,673)</u>	<u>-</u>	<u>(1,032,486)</u>
<i>Total Capital Assets Being Depreciated, net</i>	<u>238,878</u>	<u>37,889,585</u>	<u>-</u>	<u>38,128,463</u>
<i>Total Capital Assets, net</i>	<u>\$ 37,428,170</u>	<u>\$ 37,936,670</u>	<u>\$ (35,660,782)</u>	<u>\$ 39,704,058</u>

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

CAPITAL ASSETS (Continued)

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

Program	
Instructional services	\$ 777,532
Support services	6,649
Food services	2,602
Facilities services	4,890
	<hr/>
Total Depreciation Expense	<u><u>\$ 791,673</u></u>

CAPITAL LEASES

The District entered into a lease agreement as lessee for financing the acquisition of custodial equipment and related supplies. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the net present value of its future minimum lease payments as of inception date. During the fiscal year, capital lease obligations decreased from \$24,769 to \$21,766, net of current year principal paid. The leased equipment has a cost of \$20,200 and has a net book value of \$12,120 and accumulated depreciation of \$8,080 at June 30, 2013. The capital lease obligation is paid by the General Fund.

Future minimum lease obligations are as follows:

<i>Fiscal Year</i>				
<i>Ending</i>				
<u><i>June 30,</i></u>	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Total</i></u>	
2014	\$ 3,956	\$ 3,967	\$ 7,923	
2015	4,815	3,109	7,924	
2016	5,860	2,063	7,923	
2017	7,135	789	7,924	
	<hr/>	<hr/>	<hr/>	
	<u><u>\$ 21,766</u></u>	<u><u>\$ 9,928</u></u>	<u><u>\$ 31,694</u></u>	

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2013:

<u>Issue Date</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2012</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2013</u>	<u>Amounts Due in One Year</u>
Certificates of participation						
July 1, 2004	\$ 995,000	\$ 685,000	\$ -	\$ 45,000	\$ 640,000	\$ 45,000
Qualified zone academy bond						
August 30, 2005	487,660	280,783	-	33,206	247,577	32,256
General obligation bonds						
Series 2010	13,000,000	12,890,000	-	140,000	12,750,000	175,000
Certificate of participation						
Series 2010-B	3,400,000	3,004,267	-	194,267	2,810,000	195,000
Total bonds		16,860,050	-	412,473	16,447,577	447,256
Issuance premium		505,767	-	63,221	442,546	
Total bonds payable		17,365,817	-	475,694	16,890,123	447,256
Notes payable						
SDC repayment agreement	139,159	139,159	-	32,869	106,290	34,645
Grant anticipation note, series 2012	2,050,000	2,050,000	-	2,050,000	-	-
Oregon Cool Schools Loan L00864	1,000,000	-	1,000,000	29,965	970,035	53,786
Oregon Cool Schools Loan L00881	1,237,342	-	1,237,342	-	1,237,342	26,469
Total notes		2,189,159	2,237,342	2,112,834	2,313,667	114,900
Early retirement incentive		33,085	13,356	33,085	13,356	13,356
Total long term debt		<u>\$ 19,588,061</u>	<u>\$ 2,250,698</u>	<u>\$ 2,621,613</u>	<u>\$ 19,217,146</u>	<u>\$ 575,512</u>

Certificates of participation - issued July 2004, due in annual installments of \$35,000 to \$75,000, plus interest paid semi-annually at 1.80% to 5.15% through 2024.

\$ 640,000

Qualified zone academy bonds, series 2005 - issued August 2005, due in annual installments of principle and interest of \$25,565 through 2021.

247,577

General obligation bonds, series 2010 - issued March 2010 due in annual installments of \$110,000 to \$1,165,000, plus interest paid semi-annually at 3.00% to 4.25% through 2035.

12,750,000

Certificate of participation, series 2010-B - issued October 2010 due in annual installments of \$195,000 to \$205,000, plus interest paid semi-annually at 5.05% through 2027. A portion of the interest is paid through a subsidy from the federal government.

2,810,000

Issuance premiums - 2010 series bond, amortized semi-annually through 2035.

442,546

SDC repayment agreement - Entered into June 2012, with annual installments of principal and interest at 2.25% through June 2016.

106,290

Oregon Cool Schools loan - Entered into June, 2012 with annual installments of principal and interest at 3.25% through October, 2027.

970,035

Oregon Cool Schools loan - Entered into June, 2013 with annual installments of principal and interest at 3.5% through January, 2029

1,237,342

Early retirement incentive.

13,356

\$ 19,217,146

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2013

LONG-TERM DEBT (Continued)

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2014	\$ 562,156	\$ 720,095	\$ 1,282,251
2015	652,130	711,685	1,363,815
2016	675,997	700,255	1,376,252
2017	668,367	683,087	1,351,454
2018	706,933	665,647	1,372,580
2019 - 2023	4,083,082	3,015,263	7,098,345
2024 - 2028	4,696,309	2,224,771	6,921,080
2029 - 2033	4,466,270	1,256,470	5,722,740
2034 - 2035	2,250,000	170,750	2,420,750
	<u>\$ 18,761,244</u>	<u>\$ 10,148,023</u>	<u>\$ 28,909,267</u>

Outstanding bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. The general obligation bonds will be paid from general property tax revenues from the Debt Service Fund. The certificates of participation, the qualified zone academy bonds, and notes payable are paid from resources in the General Fund. During the year, a short-term grant anticipation note taken out in the prior year in the amount of \$2,050,000 was repaid.

INTER-FUND ACTIVITY

The District completed the following inter-fund transactions during the year ended June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 31,559
Other governmental funds		
Food Service	31,559	-
	<u>\$ 31,559</u>	<u>\$ 31,559</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund transferred \$31,559 to the Food Service Fund to cover expenditures.

PENSION PLAN

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

1. The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service.
2. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

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

Funding Policy

Members of PERS are required to contribute 6.0% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2013 were 18.91% and 17.39%, respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

Current law permits employers to pay employee contributions to the Retirement Fund. The District has elected to contribute the 6.0% "pick-up" for certain employees or \$176,766, \$177,656, and \$185,465 of the employees' contributions for the years ended June 30, 2013, 2012 and 2011, respectively. The 6.0% employee contribution was paid by certain other employees and amounts to \$581, \$637, and \$1,377 for the years ended June 30, 2013, 2012 and 2011, respectively. Total payroll was \$3,194,934 and covered payroll was \$3,144,356 for the year ended June 30, 2013. The District's contributions to PERS, exclusive of the 6.0% "pick-up," for the years ended June 30, 2013, 2012 and 2011 were \$569,365, \$564,256, and \$434,729, respectively, which equaled the required contributions for each year.

OTHER POSTEMPLOYMENT BENEFITS (OPEBs)

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provided for a payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or by accessing the PERS website at www.oregon.gov/PERS/.

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS, currently 0.59% of annual covered OPERF payroll and 0.50% of covered OPSRP payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2013, 2012 and 2011 were \$17,710, \$17,835, and \$8,503, which equaled the required contributions each year.

Postemployment Health Care Benefits

Description – The District, as a result of collective bargaining agreements, offers postemployment health care benefits for qualified employees as described in the summary of significant accounting policies section of this report.

Funding Policy – The District provides payments in accordance with current employee contracts on a pay-as-you-go basis. At June 30, 2013, the District was providing early retirement incentive health care benefits to 4 former employees.

During the year ended June 30, 2013, governmental fund expenditures related to early retirement insurance benefits totaled \$33,085.

Expenditures are recorded in the governmental funds as the related insurance premiums are paid. The present value of estimated insurance premiums is recorded in the Statement of Net Position.

RISK MANAGEMENT

The District purchases commercial insurance to cover all commonly insurable risks, including property, liability, vehicles, fidelity bond, workers' compensation and unemployment. All policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

COMMITMENTS AND CONTINGENCIES

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

Management has represented that there are no contingent liabilities that require disclosure or recognition in accordance with Accounting Standards Codification (ASC) 450-20. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2013, expenditures exceeded appropriations as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>General Fund</i>			
Instruction	\$ 3,100,106	\$ 3,109,252	\$ (9,146)
<i>Capital Reserve</i>			
Debt service	2,172,700	2,183,587	(10,887)
<i>Food Service</i>			
Enterprise and community services	216,000	236,090	(20,090)

NEW PRONOUNCEMENTS

GASB Statement No. 61 “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.” This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government. The statement was implemented in the current year.

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that were issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The statement was implemented in the current year.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement was implemented in the current year.

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities.” The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement was early implemented in the current year.

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the pronouncements.

GASB Statement No. 68 “Accounting and Reporting for Pension Plans—an amendment of GASB Statement No. 27.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments. The statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations.” The statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” The objective of the statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The statement is effective for fiscal years beginning after June 15, 2013.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2013, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>	<i>Budget to</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>with</i>	<i>GAAP</i>	
				<i>Final Budget</i>	<i>Differences</i>	<i>GAAP Basis</i>
REVENUES						
Local sources	\$ 2,364,000	\$ 2,450,800	\$ 2,462,981	\$ 12,181	\$ -	\$ 2,462,981
Intermediate sources	139,000	112,087	105,786	(6,301)	-	105,786
State sources	2,828,428	3,307,749	3,306,337	(1,412)	-	3,306,337
Federal sources	13,000	36,700	38,014	1,314	-	38,014
<i>Total Revenues</i>	<i>5,344,428</i>	<i>5,907,336</i>	<i>5,913,118</i>	<i>5,782</i>	<i>-</i>	<i>5,913,118</i>
EXPENDITURES						
Current						
Instruction	2,998,606	3,100,106	3,109,252	(9,146)	-	3,109,252
Support services	2,495,999	2,859,920	2,750,034	109,886	-	2,750,034
Debt service						
Principal	265,565	292,432	267,834	24,598	7,642	275,476
Interest	40,290	50,923	50,923	-	(7,642)	43,281
Operating contingency	67,662	-	-	-	-	-
<i>Total Expenditures</i>	<i>5,868,122</i>	<i>6,303,381</i>	<i>6,178,043</i>	<i>125,338</i>	<i>-</i>	<i>6,178,043</i>
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENDITURES	(523,694)	(396,045)	(264,925)	131,120	-	(264,925)
OTHER FINANCING SOURCES (USES)						
Transfers out	(26,000)	(31,000)	(31,559)	(559)	-	(31,559)
Sale of/or compensation for loss of capital assets	-	-	1,000	1,000	-	1,000
<i>Total Other Financing Sources (Uses)</i>	<i>(26,000)</i>	<i>(31,000)</i>	<i>(30,559)</i>	<i>441</i>	<i>-</i>	<i>(30,559)</i>
NET CHANGE IN FUND BALANCE	(549,694)	(427,045)	(295,484)	131,561	-	(295,484)
FUND BALANCE, beginning	599,694	477,045	477,045	-	-	477,045
FUND BALANCE, ending	\$ 50,000	\$ 50,000	\$ 181,561	\$ 131,561	\$ -	\$ 181,561

OTHER SUPPLEMENTARY INFORMATION

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2013

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>	<i>Budget to GAAP Differences</i>	<i>Actual GAAP Basis</i>
	<i>Original</i>	<i>Final</i>				
REVENUES						
Local sources	\$ 1,997,853	\$ 90,918	\$ 41,911	\$ (49,007)	\$ -	\$ 41,911
State sources	2,600,000	2,441,043	2,107,157	(333,886)	-	2,107,157
Federal sources	-	147,675	145,810	(1,865)	133,076	278,886
<i>Total Revenues</i>	<u>4,597,853</u>	<u>2,679,636</u>	<u>2,294,878</u>	<u>(384,758)</u>	<u>133,076</u>	<u>2,427,954</u>
EXPENDITURES						
Current						
Support services	59,433	55,000	52,592	2,408	-	52,592
Facilities acquisition and construction	1,983,570	4,000,000	3,107,409	892,591	(3,020,476)	86,933
Debt service						
Principal	2,500,000	2,112,834	2,112,834	-	-	2,112,834
Interest	100,000	59,866	70,753	(10,887)	133,076	203,829
Capital outlay	-	-	-	-	3,020,476	3,020,476
<i>Total Expenditures</i>	<u>4,643,003</u>	<u>6,227,700</u>	<u>5,343,588</u>	<u>884,112</u>	<u>133,076</u>	<u>5,476,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,150)	(3,548,064)	(3,048,710)	499,354	-	(3,048,710)
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	2,200,000	2,237,342	37,342	-	2,237,342
Sale of/or compensation for loss of capital assets	45,150	1,102,001	1,276,581	174,580	-	1,276,581
<i>Total Other Financing Sources (Uses)</i>	<u>45,150</u>	<u>3,302,001</u>	<u>3,513,923</u>	<u>211,922</u>	<u>-</u>	<u>3,513,923</u>
NET CHANGE IN FUND BALANCE	-	(246,063)	465,213	711,276	-	465,213
FUND BALANCE, beginning	-	246,063	246,063	-	-	246,063
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,276</u>	<u>\$ 711,276</u>	<u>\$ -</u>	<u>\$ 711,276</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Special Revenue</u>		<u>Debt Service</u>	
	<u>Combined Grants and Projects</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ -	\$ 2,051	\$ 17,428	\$ 19,479
Property taxes receivable	-	-	80,961	80,961
Other receivables	168,639	18,677	-	187,316
Inventories	-	2,747	-	2,747
<i>Total Assets</i>	<u>\$ 168,639</u>	<u>\$ 23,475</u>	<u>\$ 98,389</u>	<u>\$ 290,503</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ 3,089	\$ -	\$ 3,089
Due to other funds	52,278	-	-	52,278
Accrued salaries and benefits	33,034	17,639	-	50,673
Unearned revenue	8,718	-	-	8,718
<i>Total Liabilities</i>	<u>94,030</u>	<u>20,728</u>	<u>-</u>	<u>114,758</u>
Deferred Inflows				
Unavailable revenue - property taxes	-	-	70,606	70,606
Fund Balances				
Nonspendable inventory	-	2,747	-	2,747
Restricted for:				
Debt service	-	-	27,783	27,783
Student body	69,505	-	-	69,505
Grants and projects	5,104	-	-	5,104
<i>Total Fund Balance</i>	<u>74,609</u>	<u>2,747</u>	<u>27,783</u>	<u>105,139</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 168,639</u>	<u>\$ 23,475</u>	<u>\$ 98,389</u>	<u>\$ 290,503</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Special Revenue</u>		<u>Debt Service</u>	
	<u>Combined Grants and Projects</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
REVENUES				
Local sources	\$ 192,511	\$ 75,322	\$ 772,717	\$ 1,040,550
State sources	-	2,458	-	2,458
Federal sources	371,414	126,751	-	498,165
<i>Total Revenues</i>	563,925	204,531	772,717	1,541,173
EXPENDITURES				
Current				
Instruction	500,855	-	-	500,855
Support services	11,924	-	-	11,924
Enterprise and community services	-	236,090	-	236,090
Debt service				
Principal	-	-	140,000	140,000
Interest and other charges	-	-	619,680	619,680
Capital outlay	47,085	-	-	47,085
<i>Total Expenditures</i>	559,864	236,090	759,680	1,555,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,061	(31,559)	13,037	(14,461)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	31,559	-	31,559
NET CHANGE IN FUND BALANCES	4,061	-	13,037	17,098
FUND BALANCES, beginning	70,548	2,747	14,746	88,041
FUND BALANCES, ending	\$ 74,609	\$ 2,747	\$ 27,783	\$ 105,139

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMBINED GRANTS AND PROJECTS FUND
YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Budget to GAAP Differences</u>	<u>Actual GAAP Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Local sources	\$ 211,000	\$ 210,000	\$ 192,511	\$ (17,489)	\$ -	\$ 192,511
Intermediate sources	1,000	-	-	-	-	-
Federal sources	359,980	398,680	371,414	(27,266)	-	371,414
<i>Total Revenues</i>	571,980	608,680	563,925	(44,755)	-	563,925
EXPENDITURES						
Current						
Instruction	586,903	599,559	547,940	51,619	(47,085)	500,855
Support services	21,577	26,177	11,924	14,253	-	11,924
Capital outlay	-	-	-	-	47,085	47,085
Operating contingency	-	4,000	-	4,000	-	-
<i>Total Expenditures</i>	608,480	629,736	559,864	69,872	-	559,864
NET CHANGE IN FUND BALANCE	(36,500)	(21,056)	4,061	25,117	-	4,061
FUND BALANCE, beginning	70,500	55,056	70,548	15,492	-	70,548
FUND BALANCE, ending	\$ 34,000	\$ 34,000	\$ 74,609	\$ 40,609	\$ -	\$ 74,609

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2013

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Local sources	\$ 71,500	\$ 71,500	\$ 75,322	\$ 3,822
State sources	2,500	2,500	2,458	(42)
Federal sources	111,000	111,000	126,751	15,751
<i>Total Revenues</i>	185,000	185,000	204,531	19,531
EXPENDITURES				
Current				
Enterprise and community services	211,000	216,000	236,090	(20,090)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,000)	(31,000)	(31,559)	(559)
OTHER FINANCING SOURCES (USES)				
Transfers in	26,000	31,000	31,559	559
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, beginning	-	-	2,747	2,747
FUND BALANCE, ending	\$ -	\$ -	\$ 2,747	\$ 2,747

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>
	<i>Original</i>	<i>Final</i>	<i>Budget and GAAP Basis</i>	<i>Final Budget</i>
REVENUES				
Local sources	\$ 759,700	\$ 759,700	\$ 772,717	\$ 13,017
EXPENDITURES				
Debt service				
Principal	140,000	140,000	140,000	-
Interest	619,700	619,700	619,680	20
<i>Total Expenditures</i>	<u>759,700</u>	<u>759,700</u>	<u>759,680</u>	<u>20</u>
NET CHANGE IN FUND BALANCE	-	-	13,037	13,037
FUND BALANCE, beginning	-	-	14,746	14,746
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,783</u>	<u>\$ 27,783</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
LOCAL REVENUES				
1111	Current year's taxes	\$ 1,974,993	\$ 2,024,000	\$ (49,007)
1112	Prior year's taxes	150,775	120,000	30,775
1500	Earnings on investments	10,421	10,800	(379)
1700	Extracurricular activities	38,830	26,000	12,830
1910	Rentals	2,403	5,000	(2,597)
1920	Contributions and donations from private sources	218,961	217,000	1,961
1960	Recovery of prior years' expenditure	1,509	1,000	509
1990	Miscellaneous	65,089	47,000	18,089
1000	<i>Total Local Revenues</i>	2,462,981	2,450,800	12,181
INTERMEDIATE REVENUES				
2101	County school funds	3,513	7,000	(3,487)
2105	Natural gas, oil, and mineral receipts	17,187	20,000	(2,813)
2199	Other intermediate sources	-	1,000	(1,000)
2200	Restricted revenue	85,086	84,087	999
2000	<i>Total Intermediate Revenues</i>	105,786	112,087	(6,301)
STATE REVENUES				
3101	State school fund - general support	2,573,231	2,600,400	(27,169)
3103	Common school fund	51,217	51,208	9
3104	State managed county timber	613,745	610,600	3,145
3299	Other restricted grants-in-aid	68,144	45,541	22,603
3000	<i>Total State Revenues</i>	3,306,337	3,307,749	(1,412)
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	25,910	23,700	2,210
4700	Grants-in-aid from the federal government through other intermediate agencies	12,104	13,000	(896)
4000	<i>Total Federal Revenues</i>	38,014	36,700	1,314
OTHER SOURCES				
5300	Sale of/or compensation for loss of capital assets	1,000	-	1,000
5400	FUND BALANCE, Beginning of year	477,045	477,045	-
6000	<i>Total Resources</i>	<u>\$ 6,391,163</u>	<u>\$ 6,384,381</u>	<u>\$ 6,782</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>100</i> <i>Salaries</i>	<i>200</i> <i>Employee</i> <i>Benefits</i>	<i>300</i> <i>Purchased</i> <i>Services</i>
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 537,755	\$ 306,859	\$ 8,317
1121	Middle/junior high programs	380,183	231,184	7,199
1122	Middle/junior high school extracurricular	18,897	6,210	3,594
1131	High school programs	493,412	270,628	9,887
1132	High school extracurricular	76,186	13,924	32,341
1200	Special programs			
1210	Programs for the talented and gifted	-	-	38
1250	Resource rooms	350,580	215,646	150
1260	Early intervention	-	-	8,120
1271	Remediation	58,382	39,451	2,000
1000	<i>Total Instruction</i>	1,915,395	1,083,902	71,646
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	16,699	15,876	-
2120	Guidance services	99,428	58,173	299
2130	Health services	-	-	9,891
2190	Service direction, student support services	52,887	26,653	1,157
2200	Instructional staff	123,378	46,859	20,628
2300	General administration	131,624	66,547	59,011
2400	School administration	282,120	150,796	30,537
2500	Business			
2520	Fiscal services	115,646	64,300	3,072
2540	Operation and maintenance of plant services	146,488	73,523	163,992
2550	Student transportation services	-	-	699,408
2600	Central activities			
2660	Technology services	16,703	12,380	88,039
2700	Supplemental retirement program	-	32,442	-
2000	<i>Total Support Services</i>	984,973	547,549	1,076,034
	OTHER USES			
5100	Debt service	-	-	-
5200	Transfers of funds	-	-	-
5000	<i>Total Other Uses</i>	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 2,900,368	\$ 1,631,451	\$ 1,147,680

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 12,425	\$ -	\$ -	\$ -	\$ 865,356		
3,392	-	-	-	621,958		
-	-	-	-	28,701		
7,918	-	-	-	781,845		
10,514	-	1,855	-	134,820		
541	-	-	-	579		
1,622	-	-	-	567,998		
-	-	-	-	8,120		
42	-	-	-	99,875		
36,454	-	1,855	-	3,109,252	\$ 3,100,106	\$ (9,146)
-	-	-	-	32,575		
-	-	-	-	157,900		
-	-	-	-	9,891		
-	-	-	-	80,697		
7,154	-	-	-	198,019		
5,629	-	15,910	-	278,721		
6,698	-	2,686	-	472,837		
3,168	-	3,112	-	189,298		
30,915	3,314	60,562	-	478,794		
-	-	-	-	699,408		
2,148	-	182	-	119,452		
-	-	-	-	32,442		
55,712	3,314	82,452	-	2,750,034	2,859,920	109,886
-	-	318,757	-	318,757		
-	-	-	31,559	31,559		
-	-	318,757	31,559	350,316	374,355	24,039
-	-	-	181,561	181,561	50,000	(131,561)
\$ 92,166	\$ 3,314	\$ 403,064	\$ 213,120	\$ 6,391,163	\$ 6,384,381	\$ (6,782)

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - COMBINED GRANTS AND PROJECTS FUND
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
LOCAL REVENUES				
1700	Extracurricular activities	\$ 192,511	\$ 210,000	\$ (17,489)
FEDERAL REVENUES				
4300	Restricted revenue direct from the federal government	76,838	26,500	50,338
4500	Restricted revenue from the federal government through the state	294,576	372,180	(77,604)
4000	<i>Total Federal Revenues</i>	371,414	398,680	(27,266)
5400	FUND BALANCE, Beginning of year	70,548	55,056	15,492
6000	<i>Total Resources</i>	<u>\$ 634,473</u>	<u>\$ 663,736</u>	<u>\$ (29,263)</u>

VERNONIA SCHOOL DISTRICT NO. 47J**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL (BUDGETARY BASIS) - COMBINED GRANTS AND PROJECTS FUND (Continued)****YEAR ENDED JUNE 30, 2013**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 12,121	\$ 12,516	\$ -
1122	Middle/junior high school extracurricular	-	-	-
1131	High school programs	11,131	3,791	26,584
1132	High school extracurricular	-	-	-
1200	Special programs			
1250	Resource rooms	66,125	41,531	197
1272	Title IA/D	81,077	70,300	-
1000	<i>Total Instruction</i>	170,454	128,138	26,781
	SUPPORT SERVICES			
2100	Students			
2130	Health services	87	36	-
2200	Instructional staff	1,199	491	6,443
2400	School administration	-	27	-
2500	Business			
2550	Student transportation services	-	-	2,848
2600	Central activities			
2660	Technology services	-	-	-
2000	<i>Total Support Services</i>	1,286	554	9,291
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 171,740	\$ 128,692	\$ 36,072

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ -	\$ -	\$ 24,637		
42,290	-	-	-	42,290		
36,000	-	1,078	-	78,584		
141,210	-	-	-	141,210		
242	-	-	-	108,095		
1,747	-	-	-	153,124		
221,489	-	1,078	-	547,940	\$ 599,559	\$ 51,619
-	-	-	-	123		
-	-	-	-	8,133		
-	-	-	-	27		
-	-	-	-	2,848		
793	-	-	-	793		
793	-	-	-	11,924	26,177	14,253
-	-	-	-	-	4,000	4,000
-	-	-	74,609	74,609	34,000	(40,609)
<u>\$ 222,282</u>	<u>\$ -</u>	<u>\$ 1,078</u>	<u>\$ 74,609</u>	<u>\$ 634,473</u>	<u>\$ 663,736</u>	<u>\$ 29,263</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
LOCAL REVENUES				
1600	Food service	\$ 74,395	\$ 68,000	\$ 6,395
1990	Miscellaneous	927	3,500	(2,573)
1000	<i>Total Local Revenues</i>	75,322	71,500	3,822
STATE REVENUES				
3102	State school fund - school lunch match	2,121	2,500	(379)
3299	Other restricted grants-in-aid	337	-	337
3000	<i>Total State Revenues</i>	2,458	2,500	(42)
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	114,611	111,000	3,611
4900	Revenue for/on behalf of the district	12,140	-	12,140
4000	<i>Total Federal Revenues</i>	126,751	111,000	15,751
OTHER SOURCES				
5200	Interfund transfers	31,559	31,000	559
5400	FUND BALANCE, Beginning of year	2,747	-	2,747
6000	<i>Total Resources</i>	<u>\$ 238,837</u>	<u>\$ 216,000</u>	<u>\$ 22,837</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - FOOD SERVICE FUND (Continued)
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>100</i> <i>Salaries</i>	<i>200</i> <i>Employee</i> <i>Benefits</i>	<i>300</i> <i>Purchased</i> <i>Services</i>
	<i>ENTERPRISE AND COMMUNITY SERVICES</i>			
3100	Food services			
3120	Food preparation and dispensing services	\$ 85,079	\$ 45,051	\$ 4,566
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 85,079	\$ 45,051	\$ 4,566

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 99,799	\$ -	\$ 1,595	\$ -	\$ 236,090	\$ 216,000	\$ (20,090)
-	-	-	2,747	2,747	-	(2,747)
<u>\$ 99,799</u>	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 2,747</u>	<u>\$ 238,837</u>	<u>\$ 216,000</u>	<u>\$ (22,837)</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
LOCAL REVENUES				
1111	Current year's taxes	\$ 744,758	\$ 750,000	\$ (5,242)
1112	Prior year's taxes	27,863	9,600	18,263
1500	Earnings on investments	96	100	(4)
1000	<i>Total Local Revenues</i>	772,717	759,700	13,017
5400	FUND BALANCE, Beginning of year	14,746	-	14,746
6000	<i>Total Resources</i>	<u>\$ 787,463</u>	<u>\$ 759,700</u>	<u>\$ 27,763</u>

VERNONIA SCHOOL DISTRICT NO. 47J

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) – DEBT SERVICE FUND (Continued)
YEAR ENDED JUNE 30, 2013**

<u>Code</u>	<u>Function</u>	<u>100</u> <u>Salaries</u>	<u>200</u> <u>Employee</u> <u>Benefits</u>	<u>300</u> <u>Purchased</u> <u>Services</u>
	<i>OTHER USES</i>			
5100	Debt service	\$ -	\$ -	\$ -
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ 759,680	\$ -	\$ 759,680	\$ 759,700	\$ 20
-	-	-	27,783	27,783	-	(27,783)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,680</u>	<u>\$ 27,783</u>	<u>\$ 787,463</u>	<u>\$ 759,700</u>	<u>\$ (27,763)</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2013

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
LOCAL REVENUES				
1500	Earnings on investments	\$ 919	\$ 918	\$ 1
1990	Miscellaneous	40,992	90,000	(49,008)
1000	<i>Total Local Revenues</i>	41,911	90,918	(49,007)
STATE REVENUES				
3199	Other unrestricted grants-in-aid	176,898	176,898	-
3299	Other restricted grants-in-aid	1,930,259	2,264,145	(333,886)
3000	<i>Total State Revenues</i>	2,107,157	2,441,043	(333,886)
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	145,810	147,675	(1,865)
OTHER SOURCES				
5100	Long-term debt financing sources	2,237,342	2,200,000	37,342
5300	Sale of/or compensation for loss of fixed assets	1,276,581	1,102,001	174,580
5000	<i>Total Other Sources</i>	3,513,923	3,302,001	211,922
5400	FUND BALANCE, Beginning of year	246,063	246,063	-
6000	<i>Total Resources</i>	<u>\$ 6,054,864</u>	<u>\$ 6,227,700</u>	<u>\$ (172,836)</u>

VERNONIA SCHOOL DISTRICT NO. 47J**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL RESERVE FUND (Continued)
YEAR ENDED JUNE 30, 2013**

<u>Code</u>	<u>Function</u>	<u>100</u> <u>Salaries</u>	<u>200</u> <u>Employee</u> <u>Benefits</u>	<u>300</u> <u>Purchased</u> <u>Services</u>
SUPPORT SERVICES				
2300	General administration	\$ 37,697	\$ 14,765	\$ -
2540	Operation and maintenance of plant services	-	-	130
2000	<i>Total Support Services</i>	37,697	14,765	130
FACILITIES ACQUISITION AND CONSTRUCTION				
4110	Service area direction	-	-	40,851
4120	Site acquisition and development services	-	-	960,439
4150	Building acquisition, construction, and improvement services	50	17	4,427
4190	Other facilities construction services	-	-	274,506
4000	<i>Total Facilities Acquisition and Construction</i>	50	17	1,280,223
OTHER USES				
5100	Debt service	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 37,747</u>	<u>\$ 14,782</u>	<u>\$ 1,280,353</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ -	\$ -	\$ 52,462		
-	-	-	-	130		
-	-	-	-	52,592	\$ 55,000	\$ 2,408
-	-	-	-	40,851		
477	-	826	-	961,742		
25,228	1,795,018	1,725	-	1,826,465		
60	-	3,785	-	278,351		
25,765	1,795,018	6,336	-	3,107,409	4,000,000	892,591
-	-	2,183,587	-	2,183,587	2,172,700	(10,887)
-	-	-	711,276	711,276	-	(711,276)
<u>\$ 25,765</u>	<u>\$ 1,795,018</u>	<u>\$ 2,189,923</u>	<u>\$ 711,276</u>	<u>\$ 6,054,864</u>	<u>\$ 6,227,700</u>	<u>\$ 172,836</u>

OTHER SCHEDULES

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2013

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2012</i>	<i>2012-13 Levy</i>	<i>Added To Rolls</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2013</i>
2012-2013	\$ -	\$ 2,936,854	\$ 1,105	\$ 97,638	\$ 2,707,776	\$ 132,545
2011-2012	152,828	-	8,112	6,439	76,709	77,792
2010-2011	89,883	-	5,271	5,658	35,684	53,812
2009-2010	42,630	-	5,273	5,414	27,217	15,272
2008-2009	15,180	-	-	280	10,822	4,078
2007-2008	3,327	-	-	238	426	2,663
2006-2007	1,064	-	-	160	214	690
Prior Years	2,775	-	-	152	141	2,482
Total	\$ 307,687	\$ 2,936,854	\$ 19,761	\$ 115,979	\$ 2,858,989	289,334

Plus: Unsegregated taxes receivable 42,036

Total **\$ 331,370**

Turnover Reconciliation

Columbia County Turnovers	\$ 2,858,989	
2011-12 accrual of August 2012 turnover included above	(13,542)	
2012-13 accrual of August 2013 turnover not included above	10,405	
Other taxes and adjustments	4,756	
Total Columbia County Turnovers	<u>2,860,608</u>	
Washington County Turnovers	<u>37,781</u>	
Total property tax revenue recognized	<u>\$ 2,898,389</u>	
Reported in:		
General Fund	\$ 2,125,768	\$ 250,409
Debt Service Fund	<u>772,621</u>	<u>80,961</u>
	<u>\$ 2,898,389</u>	<u>\$ 331,370</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
YEAR ENDED JUNE 30, 2013

Fiscal Year Ending June 30,	Certificates of Participation 2004			Qualified Zone Academy Bond		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 45,000	\$ 30,908	\$ 75,908	\$ 32,256	\$ (6,691)	\$ 25,565
2015	50,000	28,950	78,950	31,332	(5,767)	25,565
2016	50,000	26,725	76,725	30,434	(4,870)	25,564
2017	50,000	24,450	74,450	29,563	(3,998)	25,565
2018	55,000	22,125	77,125	28,716	(3,151)	25,565
2019	55,000	19,513	74,513	27,893	(2,329)	25,564
2020	60,000	16,873	76,873	27,094	(1,530)	25,564
2021	65,000	13,933	78,933	26,320	(754)	25,566
2022	65,000	10,715	75,715	13,969	11,595	25,564
2023	70,000	7,433	77,433	-	-	-
2024	75,000	3,863	78,863	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
	<u>\$ 640,000</u>	<u>\$ 205,488</u>	<u>\$ 845,488</u>	<u>\$ 247,577</u>	<u>\$ (17,495)</u>	<u>\$ 230,082</u>

<i>General Obligation Bonds Series 2010</i>			<i>Certificates of Participation Series 2010-B</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 175,000	\$ 615,500	\$ 790,500	\$ 195,000	\$ 7,025	\$ 202,025
215,000	610,250	825,250	200,000	6,538	206,538
235,000	605,413	840,413	200,000	6,038	206,038
260,000	595,425	855,425	200,000	5,538	205,538
290,000	584,375	874,375	200,000	5,039	205,039
320,000	572,050	892,050	200,000	4,538	204,538
350,000	559,250	909,250	200,000	4,038	204,038
385,000	545,250	930,250	200,000	3,538	203,538
420,000	526,000	946,000	200,000	3,038	203,038
460,000	505,000	965,000	200,000	2,538	202,538
500,000	482,000	982,000	200,000	2,038	202,038
545,000	457,000	1,002,000	205,000	1,538	206,538
595,000	429,750	1,024,750	205,000	1,025	206,025
645,000	400,000	1,045,000	205,000	513	205,513
700,000	367,750	1,067,750	-	-	-
755,000	332,750	1,087,750	-	-	-
815,000	295,000	1,110,000	-	-	-
875,000	254,250	1,129,250	-	-	-
945,000	210,500	1,155,500	-	-	-
1,015,000	163,250	1,178,250	-	-	-
1,085,000	112,500	1,197,500	-	-	-
1,165,000	58,250	1,223,250	-	-	-
<u>\$ 12,750,000</u>	<u>\$ 9,281,513</u>	<u>\$ 22,031,513</u>	<u>\$ 2,810,000</u>	<u>\$ 52,982</u>	<u>\$ 2,862,982</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)
YEAR ENDED JUNE 30, 2013

Fiscal Year Ending June 30,	SDC Repayment Agreement			Oregon Cool Schools Loan L00864		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 34,645	\$ 2,392	\$ 37,037	\$ 53,786	\$ 30,538	\$ 84,324
2015	35,424	1,612	37,036	55,574	28,750	84,324
2016	36,221	815	37,036	57,342	26,982	84,324
2017	-	-	-	59,315	25,009	84,324
2018	-	-	-	61,256	23,068	84,324
2019	-	-	-	63,264	21,060	84,324
2020	-	-	-	65,304	19,020	84,324
2021	-	-	-	67,513	16,811	84,324
2022	-	-	-	69,728	14,596	84,324
2023	-	-	-	72,019	12,305	84,324
2024	-	-	-	74,367	9,957	84,324
2025	-	-	-	76,846	7,478	84,324
2026	-	-	-	79,372	4,952	84,324
2027	-	-	-	81,985	2,339	84,324
2028	-	-	-	32,364	183	32,547
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
	\$ 106,290	\$ 4,819	\$ 111,109	\$ 970,035	\$ 243,048	\$ 1,213,083

<i>Oregon Cool Schools Loan L00881</i>			<i>Totals</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 26,469	\$ 40,423	\$ 66,892	\$ 562,156	\$ 720,095	\$ 1,282,251
64,800	41,352	106,152	652,130	711,685	1,363,815
67,000	39,152	106,152	675,997	700,255	1,376,252
69,489	36,663	106,152	668,367	683,087	1,351,454
71,961	34,191	106,152	706,933	665,647	1,372,580
74,520	31,632	106,152	740,677	646,464	1,387,141
77,092	29,060	106,152	779,490	626,711	1,406,201
79,913	26,239	106,152	823,746	605,017	1,428,763
82,755	23,397	106,152	851,452	589,341	1,440,793
85,698	20,454	106,152	887,717	547,730	1,435,447
88,700	17,452	106,152	938,067	515,310	1,453,377
91,901	14,251	106,152	918,747	480,267	1,399,014
95,170	10,982	106,152	974,542	446,709	1,421,251
98,554	7,598	106,152	1,030,539	410,450	1,440,989
102,050	4,102	106,152	834,414	372,035	1,206,449
61,270	720	61,990	816,270	333,470	1,149,740
-	-	-	815,000	295,000	1,110,000
-	-	-	875,000	254,250	1,129,250
-	-	-	945,000	210,500	1,155,500
-	-	-	1,015,000	163,250	1,178,250
-	-	-	1,085,000	112,500	1,197,500
-	-	-	1,165,000	58,250	1,223,250
<u>\$ 1,237,342</u>	<u>\$ 377,668</u>	<u>\$ 1,615,010</u>	<u>\$ 18,761,244</u>	<u>\$ 10,148,023</u>	<u>\$ 28,909,267</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
VERNONIA HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Receipts	Disbursements	Transfers	Balance June 30, 2013
Art Pay to Play	\$ -	\$ 847	\$ 807	\$ -	\$ 40
Art Fund	2,847	1,568	174	-	4,241
Ashland	(55)	-	-	-	(55)
Athletics Pay to Play	(135)	12,990	12,910	(35)	(90)
Athletics Fund	2,292	8,794	6,744	52	4,394
Austrailia	355	-	-	-	355
Balloon Company	1,496	6,091	4,129	75	3,533
Band Pay to Play	-	1,452	1,452	-	-
Band Rental, Instrument	-	50	50	-	-
Band Disneyland 2012	103	-	-	-	103
Band Fund	3,145	2,856	3,563	-	2,438
Band Individual	525	50	-	-	575
Baseball	132	-	-	-	132
Boys Basketball	2,813	3,087	2,579	-	3,321
CAD Scholarship	1,161	-	-	-	1,161
Cheerleading	1,626	2,722	2,835	-	1,513
Class of "2013"	1,665	1,763	2,104	(1,324)	-
Class of "2014"	1,051	10,648	7,510	75	4,264
Class of "2015"	199	628	653	50	224
Class of "2016"	-	712	803	76	(15)
Concessions	2,675	7,856	5,294	(192)	5,045
Counseling	136	-	-	-	136
Cross Country	(67)	-	-	-	(67)
Digital Arts	53	-	-	-	53
Doernbecher	-	3,298	3,298	-	-
Drama	15	-	-	-	15
Equestrian Club	1,577	8,285	9,102	-	760
Europe Trip	168	-	-	-	168
Faculty	99	277	358	-	18
Football	12	740	182	-	570
Forestry	1,980	3,348	4,243	-	1,085
Game Club	45	25	-	(45)	25
Gate	-	400	400	-	-
Girls Basketball	365	560	904	-	21
Golf	-	300	118	-	182
Grad Nite Account	474	3,021	2,069	(952)	474
Graduated Classes	705	47	-	-	752
Health	(31)	-	-	-	(31)
International Club	(186)	-	-	-	(186)
Library	664	73	571	-	166
Lock/Locker	217	955	-	-	1,172
Mat Pack	679	727	-	-	1,406
Memolog	(1,207)	5,800	5,616	37	(986)
National Honor Society	11	-	125	-	(114)
OSSOM	238	-	-	(10)	228

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
VERNONIA HIGH SCHOOL ACTIVITY FUND (Continued)
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Receipts	Disbursements	Transfers	Balance June 30, 2013
PBiS	\$ -	\$ 100	\$ 100	\$ -	\$ -
Pink	97	-	-	-	97
Reader Board	-	-	-	2,338	2,338
Robbie Baska Memorial	382	-	380	-	2
Robotics	175	797	617	-	355
Senior Trip 2012	20	-	-	-	20
Senior Trip 2013	1,661	44,197	45,669	1	190
Senior Trip 2014	791	-	-	-	791
Senior Trip 2015	465	-	-	111	576
Senior Trip 2016	44	95	-	-	139
Shop	944	51	517	-	478
Shop Pay to Play	-	100	100	-	-
Softball	1,682	339	2,773	-	(752)
Student Body	280	6,452	5,723	(746)	263
Textbook	73	132	139	-	66
Towel	1,520	-	655	489	1,354
Track	2	1,905	1,360	-	547
Volleyball	(169)	2,382	3,927	-	(1,714)
Wrestling	(6)	2,353	660	-	1,687
	<u>35,803</u>	<u>148,873</u>	<u>141,213</u>	<u>-</u>	<u>43,463</u>
Amy Kamholz Scholarship	2,299	3	-	-	2,302
Total High School	<u>\$ 38,102</u>	<u>\$ 148,876</u>	<u>\$ 141,213</u>	<u>\$ -</u>	<u>\$ 45,765</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
VERNONIA ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013

	Balance		Receipts	Disbursements	Transfers	Balance	
	July 1, 2012					June 30, 2013	
5th/6th Jones	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ 9	
6th Grade	484	1,488	938	-	-	1,034	
8th Grade	1,071	250	149	-	-	1,172	
Art Fee	10	470	520	-	-	(40)	
Athletics/Band Pay to Play	(24)	297	262	-	-	11	
Band - Mist	32	-	-	-	-	32	
Band Fee (pay to play)	7	1,680	1,687	-	-	-	
Band Fund	-	650	720	-	-	(70)	
Book Fines	214	-	214	-	-	-	
Close Up	4,355	18,846	17,113	-	-	6,088	
Drama /Music Fund	749	-	-	-	-	749	
Flood	1,860	-	-	-	-	1,860	
General Fund	915	118	112	-	-	921	
Instrument Rental	-	350	350	-	-	-	
Leadership	5,765	264	560	-	-	5,469	
Library Fund	202	4,514	4,689	-	-	27	
Lock/Towel Fund	2,424	395	1,270	-	-	1,549	
Mist School Fund	522	421	103	-	-	840	
Other Income	50	25	-	-	-	75	
Outdoor School	-	840	840	-	-	-	
Pay to Play	-	7,176	7,161	15	-	30	
Photo/Art Fund	2	-	-	-	-	2	
Run for the Arts	(1,820)	1,441	1,442	(1,812)	-	(3,633)	
Student Body Fee	393	1,782	1,559	-	-	616	
Student Equip/lost items	44	147	246	-	-	(55)	
Student fines/fees	27	29	56	-	-	-	
Sunshine Fund	149	208	244	-	-	113	
Track	156	-	-	-	-	156	
WGS PBS	129	62	-	-	-	191	
WGS PE	3,439	488	235	1,812	-	5,504	
WGS Sunshine	1,028	120	53	-	-	1,095	
Yearbook	200	1,576	1,766	(15)	-	(5)	
Total	\$ 22,392	\$ 43,637	\$ 42,289	\$ -	\$ -	\$ 23,740	

VERNONIA SCHOOL DISTRICT NO. 47J
DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2013

A. Energy Bill for Heating - All Funds:

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

	Objects 325 & 326
Function 2540	\$ 120,111
Function 2550	\$ -

B. Replacement of Equipment – General Fund:

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

\$	-
----	---

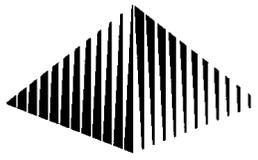
Exclude these functions:

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

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Vernonia School District No. 47J
1201 Texas Avenue
Vernonia, Oregon 97064

We have audited, 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, the basic financial statements of Vernonia School District, Columbia County, Oregon (the District) as of and for the year ended June 30, 2013, and have issued our report thereon dated December 31, 2013.

Compliance and Other Matters

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

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

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

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

- Expenditures exceeded appropriations as described in the notes to the financial statements.
- The notice of budget hearing that was published by the District contained the date, time, and location for the prior year meeting, not the current year meeting.

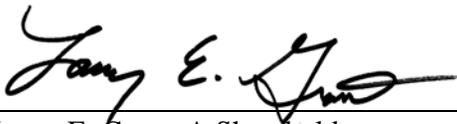
Internal Control

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

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Vernonia School District No. 47J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
December 31, 2013

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Expenditures</i>
U.S. Department of Education			
Direct:			
Rural Education	84.358A	S358A 127748	\$ 26,501
Passed through Oregon Department of Education:			
Title IA-D Focus Improvement subgrant	84.010	26947	20,200
Title IA-D Priority/Focus Improvement subgrant	84.010	25667	5,000
Title I Grants to Local Educational Agencies	84.010	25363	154,288
<i>Subtotal Title I, Part A Cluster</i>			179,488
Special Education - Grants to States (IDEA, Part B)			
IDEA Part B section 611	84.027	26811	107,449
Special Education - Grants to States (IDEA, Part B)			
IDEA SPR&I 12-13	84.027	25906	374
Special Education - Grants to States (IDEA, Part B)			
IDEA Enhancement & Extended Assessment Training	84.027	26601	272
<i>Subtotal Special Education Cluster (IDEA)</i>			108,095
Title IIA Improving Teacher Quality State Grants	84.367	25598	32,193
Total U.S. Department of Education			346,277
U.S. Department of Health and Human Services			
Passed through Oregon Department of Education:			
ARRA - Head Start - Early Childhood Matters	93.708	27591	260
U.S. Department of Justice			
Passed through City of Vernonia:			
ARRA -Public Safety Partnership and Community Policing Grants	16.710	106102	12,104
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
School Breakfast Program	10.553	N/A	25,042
National School Lunch Program	10.555	N/A	98,114 *
Special Milk Program for Children	10.556	N/A	298
Summer Food Service Program for Children	10.559	N/A	3,297
<i>Subtotal Child Nutrition Cluster</i>			126,751
U.S. Department of Homeland Security			
Passed through Oregon Military Department:			
Disaster Grants - Public Assistance	97.036	N/A	141,673

See Notes to Schedule of Expenditures of Federal Awards

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2013

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Expenditures</i>
U.S. Department of the Interior			
<i>Fish and Wildlife Service</i>			
Direct:			
Partners for Fish and Wildlife	15.631	13420-B-J130A	\$ 6,782
 <i>Bureau of Land Management</i>			
Direct:			
Secure Rural Schools and Community Self-Determination - Native Plant Nursery	15.234	L12AC20572	<u>43,555</u>
Total U.S. Department of the Interior			50,337
 U.S. Department of Energy			
Passed through Oregon Department of Energy			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	10-1569	4,587
TOTALS			<u><u>\$ 681,989</u></u>
 RECONCILIATION TO FEDERAL REVENUE:			
<i>Federal expenditures per schedule above</i>			\$ 681,989
<i>Federal assistance not required to be included on the SEFA</i>			<u>133,076</u>
<i>Federal Revenue per Statement of Revenues, Expenditures, and Changes in Fund Balances</i>			<u><u>\$ 815,065</u></u>

* Includes non-cash commodity awards

VERNONIA SCHOOL DISTRICT 47J, COLUMBIA COUNTY, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to the Vernonia School District's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the Vernonia School District, it is not intended to and does not present either the financial position, changes in net position, or the operating funds' revenues, expenditures and changes in fund balances of the Vernonia School District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance

Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the Vernonia School District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the Vernonia School District for the year ended June 30, 2013.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

School Board
Vernonia School District No. 47J
1201 Texas Avenue
Vernonia, Oregon 97064

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vernonia School District, Columbia County, Oregon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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.

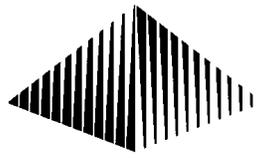
Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS
December 31, 2013



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

School Board
Vernonia School District No. 47J
1201 Texas Avenue
Vernonia, Oregon 97064

Report on Compliance for Each Major Federal Program

We have audited Vernonia School District No. 47J'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 District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Vernonia School District No. 47J, Columbia County, Oregon 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, 2013.

Report on Internal Control over Compliance

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

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.

Purpose of this Report

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.


CERTIFIED PUBLIC ACCOUNTANTS
December 31, 2013

VERNONIA SCHOOL DISTRICT 47J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010

Title I, Part A Cluster

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

Auditee qualified as low-risk auditee? Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

VERNONIA SCHOOL DISTRICT 47J
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.