

***VERNONIA SCHOOL DISTRICT NO. 47J
FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION
Year Ended June 30, 2014***

BOARD OF DIRECTORS

<i>Name</i>	<i>Title</i>
Bill Langmaid 55221 McDonald Road Vernonia, Oregon 97064	Chair
Jim Krahn 18731 Mellinger Road Vernonia, Oregon 97064	Vice-Chair
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
Cari Levenseller 58145 Pebble Creek Road Vernonia, Oregon 97064	Member
Brett Costley P.O. Box 45 Vernonia, Oregon 97064	Member

ADMINISTRATIVE

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

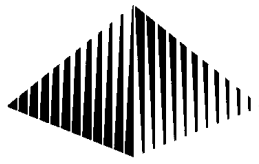
Dr. Kenneth Cox, Superintendent, Clerk and Budget Officer
Dawn Plews, Business Manager

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (pages 32-33) 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

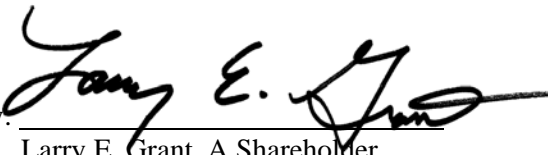
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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 30, 2014, 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 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

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, 2014.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2014 was \$21.3 million. Of this amount, \$20.3 million represents the District's net investment in capital assets, \$5 thousand is restricted for capital projects, \$105 thousand is restricted for debt service, \$80 thousand is restricted for student body activities, \$3 thousand is restricted for grants and projects, and \$754 thousand is unrestricted.
- The District's total net position decreased by \$383 thousand.
- The District's governmental funds reported a combined ending fund balance of \$827 thousand at June 30, 2014, a decrease of \$171 thousand.
- At the end of the fiscal year ended June 30, 2014, unassigned fund balance for the General Fund was \$631 thousand, which represents an increase of \$450 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, the Capital Reserve Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other two 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 \$21.3 million as of June 30, 2014, a decrease of \$383 million during the year.

Investment in capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, net of accumulated depreciation, represents about 95 percent of total assets. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable.

The District's largest liability, which represents 95 percent of total liabilities, is for the repayment of long-term obligations. Other liabilities consist primarily of payables on accounts, salaries and benefits, and amounts received but unearned at June 30, 2014.

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>2014</u>	<u>2013</u>	<u>Change</u>
Current and other assets	\$ 2,023,056	\$ 2,410,152	\$ (387,096)
Capital assets	38,968,792	39,704,058	(735,266)
Total assets	40,991,848	42,114,210	(1,122,362)
Current liabilities	1,053,340	1,203,493	(150,153)
Long-term liabilities	18,649,628	19,238,912	(589,284)
Total liabilities	19,702,968	20,442,405	(739,437)
Net position			
Net investment in capital assets	20,341,446	20,478,502	(137,056)
Restricted	193,198	809,665	(616,467)
Unrestricted	754,236	383,638	370,598
Total Net Position	<u>\$ 21,288,880</u>	<u>\$ 21,671,805</u>	<u>\$ (382,925)</u>

Statement of Activities. During the current fiscal year, the District's net position decreased by \$383 thousand, as compared to an increase of \$2.8 million the prior year. The key elements of the change in the District's net position for the year ended June 30, 2014 are as follows:

- Capital grants and contributions decreased \$2.2 million as they were primarily one-time events for the completion of the new K-12 facility.
- Gain on sale of capital assets decreased by \$1.2 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.

Statements of Activities
June 30,

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for service	\$ 304,382	\$ 309,648	\$ (5,266)
Operating grants and contributions	826,558	826,742	(184)
Capital grants and contributions	95,000	2,252,967	(2,157,967)
General revenues			
Property taxes, levied for general purposes	2,062,367	2,107,545	(45,178)
Property taxes, levied for debt service	851,518	782,090	69,428
State school fund	2,538,350	2,573,231	(34,881)
Common school fund	48,236	51,217	(2,981)
Unrestricted state and local sources	1,139,864	718,531	421,333
Earnings on investments	10,556	11,436	(880)
Miscellaneous	80,201	107,008	(26,807)
Gain on disposition of capital assets	104,321	1,277,581	(1,173,260)
<i>Total revenues</i>	<u>8,061,353</u>	<u>11,017,996</u>	<u>(2,956,643)</u>
Expenses			
Instructional services	4,325,489	4,361,931	(36,442)
Support services	2,548,754	2,821,199	(272,445)
Food services	267,371	238,692	28,679
Facilities services	636,223	91,823	544,400
Interest on long-term liabilities	666,441	672,383	(5,942)
<i>Total expenses</i>	<u>8,444,278</u>	<u>8,186,028</u>	<u>258,250</u>
Change in net position	(382,925)	2,831,968	(3,214,893)
Net position, beginning of year	<u>21,671,805</u>	<u>18,839,837</u>	<u>2,831,968</u>
Net position, end of year	<u>\$ 21,288,880</u>	<u>\$ 21,671,805</u>	<u>\$ (382,925)</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, 2014, the District's governmental funds reported combined ending fund balances of \$827 thousand, a decrease of \$171 thousand in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2014, fund balance was \$631 thousand. The fund balance increased by \$450 thousand during the current fiscal year.

General Fund Budgetary Highlights

The budget for the General Fund was adopted by the Board on June 13, 2013. The Board approved Resolution Number 1314-03 to adjust the original budget on June 12, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2014, the District had invested \$39 million in capital assets, net of depreciation, as shown in the following table:

	Capital Assets (net of depreciation)		
	June 30,		
	2014	2013	Change
Land and improvements	\$ 1,528,510	\$ 1,528,510	\$ -
Construction in progress	-	47,085	(47,085)
Building and improvements	37,404,419	38,082,693	(678,274)
Vehicles and equipment	35,863	45,770	(9,907)
Total	<u>\$ 38,968,792</u>	<u>\$ 39,704,058</u>	<u>\$ (735,266)</u>

During fiscal year 2013-14, the District's investment in capital assets decreased by \$735 thousand. The major capital asset events for the year ended June 30, 2014 included depreciation of \$794 thousand and the acquisitions of a greenhouse, a sports practice field, and a high school shop.

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, 2014, the District has \$595,000 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 \$32,256. At June 30, 2014, the District has \$215,321 of outstanding Qualified Zone Academy Bonds payable.

In November of 2009, the District issued \$13,000,000 in general obligation bonds. During the year, \$175,000 of principal was paid on the debt. At June 30, 2014, the District has \$12,575,000 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, \$195,000 of principal was paid on the debt. At June 30, 2014, the District has \$2,615,000 of outstanding certificates of participation payable.

In August of 2012, the District secured a loan from the State of Oregon Department of Energy through the Small Scale Energy Loan Program (SSELP) for \$1,000,000. During the year, \$54,926 of principal was paid on the debt. At June 30, 2014, the District has \$915,109 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 Energy Loan Program (SSELP) for \$1,237,342. During the year, \$28,853 of principal was paid on the debt. At June 30, 2014, the District has \$1,208,489 outstanding on this note.

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, 2014, the State School Fund - General Support provided about 40 percent of the District's General Fund revenues.

Salaries and benefits costs are expected to increase in 2014-2015 based on negotiated contractual obligations.

Since the 2004-05 fiscal year, the District has seen total enrollment drop nearly 23 percent, in part as a result of the flood during 2007-08. These sharp decreases in enrollment have caused significant decreases in funding. This was the first fiscal year in which the District experienced an increase in enrollment since 2010-2011. In the current year, enrollment increased 0.4 percent.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2014-2015 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, 2014

ASSETS

Cash and investments	\$	1,329,645
Receivables		690,664
Inventories		2,747
Capital assets not being depreciated		
Land		1,528,510
Capital assets, net of accumulated depreciation		
Buildings		37,404,419
Equipment		35,863
		<hr/>
<i>Total Assets</i>		40,991,848

LIABILITIES

Accounts payable and accrued expenses		474,599
Unearned revenue		508,563
Accrued compensated absences payable		13,368
Accrued interest		56,810
Long-term liabilities		
Portion due within one year		713,872
Portion due in more than one year		17,935,756
		<hr/>
<i>Total Liabilities</i>		19,702,968

NET POSITION

Net investment in capital assets		20,341,446
Restricted for		
Capital projects		5,082
Debt service		105,193
Student body		79,784
Grants and projects		3,139
Unrestricted		754,236
		<hr/>
<i>Total Net Position</i>	\$	21,288,880

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

VERNONIA SCHOOL DISTRICT NO. 47J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<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	\$ 4,325,489	\$ 226,791	\$ 669,078	\$ -	\$ (3,429,620)
Support services	2,548,754	9,728	-	-	(2,539,026)
Food services	267,371	67,863	157,480	-	(42,028)
Facilities services	636,223	-	-	95,000	(541,223)
Interest on long-term liabilities	666,441	-	-	-	(666,441)
<i>Total Governmental Activities</i>	<u>\$ 8,444,278</u>	<u>\$ 304,382</u>	<u>\$ 826,558</u>	<u>\$ 95,000</u>	<u>(7,218,338)</u>
General Revenues:					
Property taxes, levied for general purposes					2,062,367
Property taxes, levied for debt service					851,518
State school fund					2,538,350
Common school fund					48,236
Unrestricted state and local sources					1,139,864
Earnings on investments					10,556
Miscellaneous					80,201
Gain on disposition of capital assets					104,321
<i>Total General Revenues</i>					<u>6,835,413</u>
<i>Change in Net Position</i>					(382,925)
<i>Net Position - beginning</i>					<u>21,671,805</u>
<i>Net Position - ending</i>					<u>\$ 21,288,880</u>

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

VERNONIA SCHOOL DISTRICT NO. 47J
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	Capital Projects			Other	Total
	General	Capital Reserve	Debt Service	Governmental Funds	
ASSETS					
Cash and investments	\$ 677,941	\$ 554,286	\$ 79,663	\$ 17,755	\$ 1,329,645
Property taxes receivable	219,945	-	82,331	-	302,276
Due from other funds	60,342	-	-	-	60,342
Other receivables	202,859	-	9	185,520	388,388
Inventories	-	-	-	2,747	2,747
Total Assets	\$ 1,161,087	\$ 554,286	\$ 162,003	\$ 206,022	\$ 2,083,398
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 80,094	\$ 44,094	\$ -	\$ 1,840	\$ 126,028
Due to other funds	-	-	-	60,342	60,342
Accrued salaries and benefits	293,854	430	-	54,287	348,571
Unearned revenue	-	504,680	-	3,883	508,563
Total Liabilities	373,948	549,204	-	120,352	1,043,504
Deferred Inflows of Resources					
Unavailable revenue - property taxes	155,782	-	57,207	-	212,989
Fund Balances					
Nonspendable inventory	-	-	-	2,747	2,747
Restricted for:					
Capital projects	-	5,082	-	-	5,082
Debt service	-	-	104,796	-	104,796
Student body	-	-	-	79,784	79,784
Grants and projects	-	-	-	3,139	3,139
Unassigned	631,357	-	-	-	631,357
Total Fund Balances	631,357	5,082	104,796	85,670	826,905
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,161,087	\$ 554,286	\$ 162,003	\$ 206,022	\$ 2,083,398

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, 2014

FUND BALANCES		\$ 826,905
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 40,795,041	
Accumulated depreciation	<u>(1,826,249)</u>	38,968,792
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.		212,989
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	(56,810)	
Accrued compensated absences payable	(13,368)	
Early retirement incentives	(22,282)	
Capital leases	(17,811)	
Long-term debt	<u>(18,609,535)</u>	<u>(18,719,806)</u>
TOTAL NET POSITION		<u><u>\$21,288,880</u></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, 2014

	<u>Capital Projects</u>			<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Debt Service</u>		
REVENUES					
Local sources	\$ 2,357,984	\$ 10,248	\$ 867,497	\$ 255,637	\$ 3,491,366
Intermediate sources	105,480	-	-	1,000	106,480
State sources	3,812,187	95,000	-	2,803	3,909,990
Federal sources	16,924	123,983	-	498,195	639,102
<i>Total Revenues</i>	<u>6,292,575</u>	<u>229,231</u>	<u>867,497</u>	<u>757,635</u>	<u>8,146,938</u>
EXPENDITURES					
Instruction	3,061,451	-	-	477,195	3,538,646
Support services	2,497,126	-	-	44,979	2,542,105
Enterprise and community services	-	-	-	264,769	264,769
Facilities acquisition and construction	326	631,007	-	-	631,333
Debt service					
Principal	331,138	28,853	175,000	-	534,991
Interest and other charges	74,443	162,062	615,484	-	851,989
Capital outlay	58,497	-	-	-	58,497
<i>Total Expenditures</i>	<u>6,022,981</u>	<u>821,922</u>	<u>790,484</u>	<u>786,943</u>	<u>8,422,330</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	269,594	(592,691)	77,013	(29,308)	(275,392)
OTHER FINANCING SOURCES (USES)					
Transfers in	212,824	-	-	37,622	250,446
Transfers out	(37,622)	(212,824)	-	-	(250,446)
Sale of/or compensation for loss of capital assets	5,000	99,321	-	-	104,321
<i>Total Other Financing Sources (Uses)</i>	<u>180,202</u>	<u>(113,503)</u>	<u>-</u>	<u>37,622</u>	<u>104,321</u>
NET CHANGE IN FUND BALANCES	449,796	(706,194)	77,013	8,314	(171,071)
FUND BALANCES, beginning	<u>181,561</u>	<u>711,276</u>	<u>27,783</u>	<u>77,356</u>	<u>997,976</u>
FUND BALANCES, ending	<u>\$ 631,357</u>	<u>\$ 5,082</u>	<u>\$ 104,796</u>	<u>\$ 85,670</u>	<u>\$ 826,905</u>

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, 2014**

NET CHANGE IN FUND BALANCES - (Governmental Funds) \$ (171,071)

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.

Expenditures for capital assets	\$ 58,497	
Less current year depreciation	<u>(793,763)</u>	(735,266)

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:

Debt principal repaid	534,990	
Amortization of bond premium	<u>63,220</u>	598,210

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. (1,654)

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. (65,923)

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. (8,926)

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. 1,705

CHANGE IN NET POSITION \$ (382,925)

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)

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

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.

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, 2014, 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 of 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, 2014, the District disbursed nothing for sick leave pay as a result of resignation or retirement. Accrued vacation payable as of June 30, 2014 totaled \$13,368.

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 (resolution).

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.

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

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 30th of 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, 2014:

	<i>Carrying Value</i>	<i>Fair Value</i>
	<hr/>	<hr/>
Cash		
Cash on hand	\$ 100	\$ 100
Deposits with financial institutions	521,559	521,559
Amounts held in escrow, restricted for capital projects	504,680	504,680
Investments		
Local Government Investment Pool	303,306	303,306
	<hr/>	<hr/>
	\$ 1,329,645	\$ 1,329,645
	<hr/> <hr/>	<hr/> <hr/>

Deposits

The book balance of the District’s bank deposit accounts was \$521,559 and the bank balance was \$666,405 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

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 accounts and the aggregate of all time and savings deposits 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 \$404,904 as of June 30, 2014.

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 State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. 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, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2014, 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. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CASH AND INVESTMENTS (Continued)

Interest Rate Risk - Investments

In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments through use of the Local Government Investment Pool.

CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<i>Balance July 1, 2013</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2014</i>
Capital assets not being depreciated:				
Land	\$ 1,528,510	\$ -	\$ -	\$ 1,528,510
Construction in progress	47,085	-	(47,085)	-
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,575,595</u>	<u>-</u>	<u>(47,085)</u>	<u>1,528,510</u>
Capital assets being depreciated:				
Buildings and improvements	39,034,194	105,582	-	39,139,776
Equipment	101,105	-	-	101,105
Vehicles	25,650	-	-	25,650
<i>Total Capital Assets Being Depreciated</i>	<u>39,160,949</u>	<u>105,582</u>	<u>-</u>	<u>39,266,531</u>
Less accumulated depreciation for:				
Buildings and improvements	(951,501)	(783,856)	-	(1,735,357)
Equipment	(55,335)	(9,907)	-	(65,242)
Vehicles	(25,650)	-	-	(25,650)
<i>Total Accumulated Depreciation</i>	<u>(1,032,486)</u>	<u>(793,763)</u>	<u>-</u>	<u>(1,826,249)</u>
<i>Total Capital Assets Being Depreciated, net</i>	<u>38,128,463</u>	<u>(688,181)</u>	<u>-</u>	<u>37,440,282</u>
<i>Total Capital Assets, net</i>	<u>\$ 39,704,058</u>	<u>\$ (688,181)</u>	<u>\$ (47,085)</u>	<u>\$ 38,968,792</u>

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS (Continued)

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

Program	
Instructional services	\$ 779,622
Support services	6,649
Food services	2,602
Facilities services	4,890
	<hr/>
Total Depreciation Expense	<u><u>\$ 793,763</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 \$21,766 to \$17,811, net of current year principal paid. The leased equipment has a cost of \$20,200 and has a net book value of \$8,080 and accumulated depreciation of \$12,120 at June 30, 2014. The capital lease obligation is paid by the General Fund.

Future minimum lease obligations are as follows:

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	\$ 4,815	\$ 3,109	\$ 7,924
2016	5,861	2,063	7,924
2017	7,135	789	7,924
	<hr/>	<hr/>	<hr/>
	<u><u>\$ 17,811</u></u>	<u><u>\$ 5,961</u></u>	<u><u>\$ 23,772</u></u>

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2014:

<i>Issue Date</i>	<i>Original Issue</i>	<i>Outstanding July 1, 2013</i>	<i>Issued</i>	<i>Matured and Redeemed</i>	<i>Outstanding June 30, 2014</i>	<i>Amounts Due in One Year</i>
Certificates of participation						
July 1, 2004	\$ 995,000	\$ 640,000	\$ -	\$ 45,000	\$ 595,000	\$ 50,000
Qualified zone academy bonds						
August 30, 2005	487,660	247,577	-	32,256	215,321	31,332
General obligation bonds						
Series 2010	13,000,000	12,750,000	-	175,000	12,575,000	215,000
Qualified school construction bonds						
Series 2010-B	3,400,000	2,810,000	-	195,000	2,615,000	200,000
Total bonds		16,447,577	-	447,256	16,000,321	496,332
Issuance premium		442,546	-	63,220	379,326	
Total bonds payable		16,890,123	-	510,476	16,379,647	496,332
Notes payable						
SDC repayment agreement	139,159	106,290	-	-	106,290	70,069
Oregon Cool Schools Loan L00864	1,000,000	970,035	-	54,926	915,109	55,574
Oregon Cool Schools Loan L00881	1,237,342	1,237,342	-	28,853	1,208,489	64,800
Total notes		2,313,667	-	83,779	2,229,888	190,443
Early retirement incentive		13,356	34,103	25,177	22,282	22,282
Total long term debt		\$ 19,217,146	\$ 34,103	\$ 619,432	\$ 18,631,817	\$ 709,057

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.

\$ 595,000

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

215,321

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.

12,575,000

Qualified school construction bonds, 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.

2,615,000

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

379,326

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.

915,109

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

1,208,489

Early retirement incentive.

22,282

\$ 18,631,817

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2014

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>
2015	\$ 686,775	\$ 711,685	\$ 1,398,460
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	740,677	646,464	1,387,141
2020 - 2024	4,280,472	2,884,109	7,164,581
2025 - 2029	4,570,988	2,042,931	6,613,919
2030 - 2034	4,735,000	1,035,500	5,770,500
2035	1,165,000	58,250	1,223,250
	<u>\$ 18,230,209</u>	<u>\$ 9,427,928</u>	<u>\$ 27,658,137</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.

INTERFUND ACTIVITY

The District completed the following interfund transactions during the year ended June 30, 2014:

	<i>Transfers In</i>	<i>Transfers Out</i>
General	\$ 212,824	\$ 37,622
Capital Reserve	-	212,824
Other governmental funds		
Food Service	37,622	-
	<u>\$ 250,446</u>	<u>\$ 250,446</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 \$37,622 to the Food Service Fund to cover expenditures. The Capital Reserve Fund transferred \$212,824 to the General Fund to offset a shortfall in General Fund donations.

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, 2014 were 26.10% and 24.20%, 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 \$156,084, \$176,766, and \$177,656 of the employees' contributions for the years ended June 30, 2014, 2013 and 2012, respectively. The 6.0% employee contribution was paid by certain other employees and amounts to \$468, \$581, and \$637 for the years ended June 30, 2014, 2013 and 2012, respectively. Total payroll was \$2,940,033 and covered payroll was \$2,859,997 for the year ended June 30, 2014. The District's contributions to PERS, exclusive of the 6.0% "pick-up," for the years ended June 30, 2014, 2013 and 2012 were \$564,373, \$569,365, and \$564,256, 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 0.49% 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, 2014, 2013 and 2012 were \$15,869, \$17,710, and \$17,835, 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, 2014, the District was providing early retirement incentive health care benefits to 4 former employees.

During the year ended June 30, 2014, governmental fund expenditures related to early retirement insurance benefits totaled \$25,177.

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, 2014, expenditures exceeded appropriations as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>General Fund</i>			
Instruction	\$ 3,009,467	\$ 3,066,134	\$ (56,667)
<i>Other Governmental Funds</i>			
Food Service			
Enterprise and community services	241,475	264,769	(23,294)

NEW PRONOUNCEMENTS

GASB Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees.” The statement provides guidance on accounting for and reporting nonexchange financial guarantees. The statement was 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 following 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.

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 69 “Government Combinations and Disposals of Operations.” The statement provides guidance on accounting for and reporting government mergers, acquisitions, transfers of operations and disposal. The statement is effective for fiscal years beginning after December 15, 2013.

GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date”. The statement amends transition provisions of GASB Statement No. 68, establishes accounting and financial reporting standards for recognition of contributions made between the measurement date of the net pension liability and implementation of GASB Statement No. 68. The statement is effective for fiscal years beginning after June 15, 2014.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2014, the date on which the financial statements were available to be issued.

In September 2014, the City of Vernonia agreed to forgive the June 30, 2014 outstanding balance of the SDC note payable to the City in the amount of \$106,290. Management is not aware of any other 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, 2014

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with</i>	<i>Budget to</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Final Budget</i>	<i>GAAP Differences</i>	<i>GAAP Basis</i>
REVENUES						
Local sources	\$ 2,522,124	\$ 2,522,124	\$ 2,357,984	\$ (164,140)	\$ -	\$ 2,357,984
Intermediate sources	140,434	140,434	105,480	(34,954)	-	105,480
State sources	3,450,320	3,752,518	3,812,187	59,669	-	3,812,187
Federal sources	5,500	5,500	16,924	11,424	-	16,924
<i>Total Revenues</i>	6,118,378	6,420,576	6,292,575	(128,001)	-	6,292,575
EXPENDITURES						
Instruction	3,008,467	3,009,467	3,066,134	(56,667)	(4,683)	3,061,451
Support services	2,689,049	2,749,342	2,512,882	236,460	(15,756)	2,497,126
Facilities acquisition and construction	-	51,000	38,384	12,616	(38,058)	326
Debt service						
Principal	357,905	357,905	324,447	33,458	6,691	331,138
Interest	83,108	83,108	81,134	1,974	(6,691)	74,443
Capital outlay	-	-	-	-	58,497	58,497
Contingency	69,280	272,280	-	272,280	-	-
<i>Total Expenditures</i>	6,207,809	6,523,102	6,022,981	500,121	-	6,022,981
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,431)	(102,526)	269,594	372,120	-	269,594
OTHER FINANCING SOURCES (USES)						
Transfers in	-	215,000	212,824	(2,176)	-	212,824
Transfers out	(30,000)	(42,000)	(37,622)	4,378	-	(37,622)
Sale of/or compensation for loss of capital assets	-	-	5,000	5,000	-	5,000
<i>Total Other Financing Sources (Uses)</i>	(30,000)	173,000	180,202	7,202	-	180,202
NET CHANGE IN FUND BALANCE	(119,431)	70,474	449,796	379,322	-	449,796
FUND BALANCE, beginning	169,431	169,431	181,561	12,130	-	181,561
FUND BALANCE, ending	\$ 50,000	\$ 239,905	\$ 631,357	\$ 391,452	\$ -	\$ 631,357

BUDGETARY BASIS ACCOUNTING

The District accounts for certain transactions on a budgetary basis which differs from GAAP basis. A description of the principal differences between the budgetary basis and GAAP in recording and reporting transactions follows:

	<u>Budgetary Basis</u>	<u>GAAP Basis</u>
Properties acquired by long-term financing such as from capital leases or installment contracts	Only the current year's payment is recorded as a capital outlay expenditure of the fund in which payments are budgeted.	The net present value of the total stream of payments is recorded in the fund from which payments will be made as an expenditure in the year of acquisition with a corresponding offset to other financing sources. Subsequent payments on the obligations are recorded as debt service expenditures.
Classification of expenditures by character	The character of expenditures (current expenditures, capital outlay, debt service) is reported at the object level. Budgets and appropriations are made for each major function.	Expenditures are classified and reported by character (current expenditures, capital outlay and debt service) within the financial statements.

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, 2014

	<i>Budgeted Amounts</i>		<i>Actual Budget Basis</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	\$ 1,307,301	\$ 1,307,301	\$ 10,248	\$ (1,297,053)	\$ -	\$ 10,248
State sources	-	-	95,000	95,000	-	95,000
Federal sources	-	-	-	-	123,983	123,983
<i>Total Revenues</i>	<u>1,307,301</u>	<u>1,307,301</u>	<u>105,248</u>	<u>(1,202,053)</u>	<u>123,983</u>	<u>229,231</u>
EXPENDITURES						
Facilities acquisition and construction	985,000	770,000	631,007	138,993	-	631,007
Debt service						
Principal	1,000,000	1,000,000	28,853	971,147	-	28,853
Interest	40,000	40,000	38,079	1,921	123,983	162,062
<i>Total Expenditures</i>	<u>2,025,000</u>	<u>1,810,000</u>	<u>697,939</u>	<u>1,112,061</u>	<u>123,983</u>	<u>821,922</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(717,699)	(502,699)	(592,691)	(89,992)	-	(592,691)
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(215,000)	(212,824)	2,176	-	(212,824)
Sale of/or compensation for loss of capital assets	717,699	717,699	99,321	(618,378)	-	99,321
<i>Total Other Financing Sources (Uses)</i>	<u>717,699</u>	<u>502,699</u>	<u>(113,503)</u>	<u>(616,202)</u>	<u>-</u>	<u>(113,503)</u>
NET CHANGE IN FUND BALANCE	-	-	(706,194)	(706,194)	-	(706,194)
FUND BALANCE, beginning	-	-	711,276	711,276	-	711,276
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,082</u>	<u>\$ 5,082</u>	<u>\$ -</u>	<u>\$ 5,082</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2014

	<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	\$ 790,500	\$ 790,500	\$ 867,497	\$ 76,997
EXPENDITURES				
Debt service				
Principal	175,000	175,000	175,000	-
Interest	615,500	615,500	615,484	16
<i>Total Expenditures</i>	790,500	790,500	790,484	16
NET CHANGE IN FUND BALANCE	-	-	77,013	77,013
FUND BALANCE, beginning	-	-	27,783	27,783
FUND BALANCE, ending	\$ -	\$ -	\$ 104,796	\$ 104,796

VERNONIA SCHOOL DISTRICT NO. 47J
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	<i>Special Revenue</i>		
	<i>Combined Grants and Projects</i>	<i>Food Service</i>	<i>Total</i>
ASSETS			
Cash and investments	\$ -	\$ 17,755	\$ 17,755
Other receivables	180,155	5,365	185,520
Inventories	-	2,747	2,747
<i>Total Assets</i>	<u>\$ 180,155</u>	<u>\$ 25,867</u>	<u>\$ 206,022</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ 1,840	\$ 1,840
Due to other funds	60,342	-	60,342
Accrued salaries and benefits	33,007	21,280	54,287
Unearned revenue	3,883	-	3,883
<i>Total Liabilities</i>	<u>97,232</u>	<u>23,120</u>	<u>120,352</u>
 Fund Balances			
Nonspendable inventory	-	2,747	2,747
Restricted for:			
Student body	79,784	-	79,784
Grants and projects	3,139	-	3,139
<i>Total Fund Balance</i>	<u>82,923</u>	<u>2,747</u>	<u>85,670</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 180,155</u>	<u>\$ 25,867</u>	<u>\$ 206,022</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	<i>Special Revenue</i>		
	<i>Combined Grants and Projects</i>	<i>Food Service</i>	<i>Total</i>
REVENUES			
Local sources	\$ 185,970	\$ 69,667	\$ 255,637
Intermediate sources	1,000	-	1,000
State sources	-	2,803	2,803
Federal sources	343,518	154,677	498,195
<i>Total Revenues</i>	530,488	227,147	757,635
EXPENDITURES			
Instruction	477,195	-	477,195
Support services	44,979	-	44,979
Enterprise and community services	-	264,769	264,769
<i>Total Expenditures</i>	522,174	264,769	786,943
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,314	(37,622)	(29,308)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	37,622	37,622
NET CHANGE IN FUND BALANCES	8,314	-	8,314
FUND BALANCES, beginning	74,609	2,747	77,356
FUND BALANCES, ending	\$ 82,923	\$ 2,747	\$ 85,670

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Budget and GAAP Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 245,000	\$ 245,000	\$ 185,970	\$ (59,030)
Intermediate sources	1,000	1,000	1,000	-
Federal sources	326,560	329,560	343,518	13,958
<i>Total Revenues</i>	<u>572,560</u>	<u>575,560</u>	<u>530,488</u>	<u>(45,072)</u>
EXPENDITURES				
Instruction	564,447	564,447	477,195	87,252
Support services	44,913	47,913	44,979	2,934
Contingency	-	12,000	-	12,000
<i>Total Expenditures</i>	<u>609,360</u>	<u>624,360</u>	<u>522,174</u>	<u>102,186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,800)	(48,800)	8,314	57,114
OTHER FINANCING SOURCES (USES)				
Transfers in	28,900	40,900	-	(40,900)
Transfers out	(28,900)	(28,900)	-	28,900
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
NET CHANGE IN FUND BALANCE	(36,800)	(36,800)	8,314	45,114
FUND BALANCE, beginning	<u>76,800</u>	<u>76,800</u>	<u>74,609</u>	<u>(2,191)</u>
FUND BALANCE, ending	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 82,923</u>	<u>\$ 42,923</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Local sources	\$ 71,836	\$ 71,836	\$ 69,667	\$ (2,169)
State sources	2,500	2,500	2,803	303
Federal sources	137,139	137,139	154,677	17,538
<i>Total Revenues</i>	211,475	211,475	227,147	15,672
EXPENDITURES				
Enterprise and community services	241,475	241,475	264,769	(23,294)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(30,000)	(30,000)	(37,622)	(7,622)
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	37,622	7,622
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 (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED JUNE 30, 2014

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 1,981,518	\$ 1,983,000	\$ (1,482)
1112	Prior year's taxes	130,907	110,000	20,907
1500	Earnings on investments	10,440	10,000	440
1700	Extracurricular activities	34,486	47,000	(12,514)
1910	Rentals	9,728	9,100	628
1920	Contributions and donations from private sources	116,419	304,024	(187,605)
1960	Recovery of prior years' expenditure	6,337	1,000	5,337
1990	Miscellaneous	68,149	58,000	10,149
1000	<i>Total Local Revenues</i>	2,357,984	2,522,124	(164,140)
INTERMEDIATE REVENUES				
2101	County school funds	12,798	10,000	2,798
2105	Natural gas, oil, and mineral receipts	17,336	31,134	(13,798)
2199	Other intermediate sources	-	5,000	(5,000)
2200	Restricted revenue	75,346	94,300	(18,954)
2000	<i>Total Intermediate Revenues</i>	105,480	140,434	(34,954)
STATE REVENUES				
3101	State school fund - general support	2,538,350	2,761,432	(223,082)
3103	Common school fund	48,236	46,888	1,348
3104	State managed county timber	1,108,730	575,000	533,730
3299	Other restricted grants-in-aid	116,871	369,198	(252,327)
3000	<i>Total State Revenues</i>	3,812,187	3,752,518	59,669
FEDERAL REVENUES				
4300	Restricted revenue direct from the federal government	15,684	-	15,684
4500	Restricted revenue from the federal government through the state	1,240	5,500	(4,260)
4000	<i>Total Federal Revenues</i>	16,924	5,500	11,424
OTHER SOURCES				
5200	Interfund transfers	212,824	215,000	(2,176)
5300	Sale of/or compensation for loss of capital assets	5,000	-	5,000
5000	<i>Total Other Sources</i>	217,824	215,000	2,824
5400	FUND BALANCE, Beginning of year	181,561	169,431	12,130
6000	<i>Total Resources</i>	<u>\$ 6,691,960</u>	<u>\$ 6,805,007</u>	<u>\$ (113,047)</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, 2014

<u>Code</u>	<u>Function</u>	<u>100</u>	<u>200</u>	<u>300</u>
		<u>Salaries</u>	<u>Employee</u>	<u>Purchased</u>
			<u>Benefits</u>	<u>Services</u>
INSTRUCTION				
1100	Regular programs			
1111	Primary, K-3	\$ 533,184	\$ 299,963	\$ 11,698
1121	Middle/junior high programs	323,207	200,907	8,452
1122	Middle/junior high school extracurricular	16,388	5,942	2,109
1131	High school programs	461,794	254,482	10,480
1132	High school extracurricular	77,690	12,824	38,844
1200	Special programs			
1220	Programs for students with mental disabilities	-	-	38,597
1250	Resource rooms	371,657	239,356	20,615
1260	Early intervention	-	-	2,939
1271	Remediation	54,348	39,733	95
1000	<i>Total Instruction</i>	1,838,268	1,053,207	133,829
SUPPORT SERVICES				
2100	Students			
2110	Attendance and social work services	16,838	16,406	-
2120	Guidance services	100,049	60,674	162
2130	Health services	-	-	7,828
2140	Psychological services	22,488	7,746	-
2190	Service direction, student support services	13,822	5,704	-
2200	Instructional staff	93,698	46,395	25,341
2300	General administration	102,468	48,595	44,195
2400	School administration	282,830	157,462	29,697
2500	Business			
2520	Fiscal services	53,001	22,089	2,849
2540	Operation and maintenance of plant services	123,023	75,418	196,498
2550	Student transportation services	-	-	682,189
2600	Central activities			
2660	Technology services	9,217	6,768	41,641
2700	Supplemental retirement program	7,294	17,883	-
2000	<i>Total Support Services</i>	824,728	465,140	1,030,400
FACILITIES ACQUISITION AND CONSTRUCTION				
4120	Site acquisition and development services	-	-	5,425
4150	Building acquisition, construction, and improvement services	-	-	32,193
4000	<i>Total Facilities Acquisition and Construction</i>	-	-	37,618
OTHER USES				
5100	Debt service	-	-	-
5200	Transfers of funds	-	-	-
5000	<i>Total Other Uses</i>	-	-	-
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 2,662,996</u>	<u>\$ 1,518,347</u>	<u>\$ 1,201,847</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>
\$ 11,149	\$ -	\$ -	\$ -	\$ 855,994		
3,826	-	-	-	536,392		
469	-	-	-	24,908		
12,850	-	-	-	739,606		
7,735	-	1,980	-	139,073		
-	-	-	-	38,597		
2,221	-	-	-	633,849		
-	-	-	-	2,939		
-	-	600	-	94,776		
38,250	-	2,580	-	3,066,134	\$ 3,009,467	\$ (56,667)
-	-	-	-	33,244		
415	-	-	-	161,300		
-	-	-	-	7,828		
6,737	-	-	-	36,971		
-	-	-	-	19,526		
34,727	-	25	-	200,186		
6,649	-	18,636	-	220,543		
5,238	-	2,330	-	477,557		
391	-	3,582	-	81,912		
31,935	-	70,705	-	497,579		
-	-	-	-	682,189		
11,094	-	150	-	68,870		
-	-	-	-	25,177		
97,186	-	95,428	-	2,512,882	2,749,342	236,460
-	-	-	-	5,425		
215	-	551	-	32,959		
215	-	551	-	38,384	51,000	12,616
-	-	405,581	-	405,581		
-	-	-	37,622	37,622		
-	-	405,581	37,622	443,203	483,013	39,810
-	-	-	-	-	272,280	272,280
-	-	-	631,357	631,357	239,905	(391,452)
\$ 135,651	\$ -	\$ 504,140	\$ 668,979	\$ 6,691,960	\$ 6,805,007	\$ 113,047

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, 2014

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1500	Earnings on investments	\$ 2	\$ -	\$ 2
1700	Extracurricular activities	185,968	245,000	(59,032)
1000	<i>Total Local Revenues</i>	185,970	245,000	(59,030)
INTERMEDIATE REVENUES				
2199	Other intermediate sources	1,000	1,000	-
FEDERAL REVENUES				
4300	Restricted revenue direct from the federal government	26,643	25,000	1,643
4500	Restricted revenue from the federal government through the state	316,875	304,560	12,315
4000	<i>Total Federal Revenues</i>	343,518	329,560	13,958
OTHER SOURCES				
5200	Interfund transfers	-	40,900	(40,900)
5400	FUND BALANCE, Beginning of year	74,609	76,800	(2,191)
6000	<i>Total Resources</i>	<u>\$ 605,097</u>	<u>\$ 693,260</u>	<u>\$ (88,163)</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, 2014**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 8,462	\$ 900	\$ -
1122	Middle/junior high school extracurricular	-	-	-
1131	High school programs	861	71	6,252
1132	High school extracurricular	-	-	-
1200	Special programs			
1250	Resource rooms	78,656	45,965	1,208
1272	Title IA/D	81,812	69,930	-
1000	<i>Total Instruction</i>	169,791	116,866	7,460
	SUPPORT SERVICES			
2200	Instructional staff	18,910	6,352	10,618
2500	Business			
2550	Student transportation services	-	-	634
2600	Central activities			
2660	Technology services	-	-	-
2000	<i>Total Support Services</i>	18,910	6,352	11,252
	OTHER USES			
5200	Transfers of funds	-	-	-
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 188,701	\$ 123,218	\$ 18,712

<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>
\$ -	\$ -	\$ -	\$ -	\$ 9,362		
26,421	-	-	-	26,421		
6,392	-	-	-	13,576		
149,270	-	-	-	149,270		
158	-	-	-	125,987		
837	-	-	-	152,579		
183,078	-	-	-	477,195	\$ 564,447	\$ 87,252
1,806	-	-	-	37,686		
-	-	-	-	634		
6,659	-	-	-	6,659		
8,465	-	-	-	44,979	47,913	2,934
-	-	-	-	-	28,900	28,900
-	-	-	-	-	12,000	12,000
-	-	-	82,923	82,923	40,000	(42,923)
<u>\$ 191,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,923</u>	<u>\$ 605,097</u>	<u>\$ 693,260</u>	<u>\$ 88,163</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, 2014

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1600	Food service	\$ 67,863	\$ 70,836	\$ (2,973)
1990	Miscellaneous	1,804	1,000	804
1000	<i>Total Local Revenues</i>	69,667	71,836	(2,169)
STATE REVENUES				
3102	State school fund - school lunch match	2,183	2,500	(317)
3299	Other restricted grants-in-aid	620	-	620
3000	<i>Total State Revenues</i>	2,803	2,500	303
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	127,417	120,639	6,778
4900	Revenue for/on behalf of the district	27,260	16,500	10,760
4000	<i>Total Federal Revenues</i>	154,677	137,139	17,538
OTHER SOURCES				
5200	Interfund transfers	37,622	30,000	7,622
5400	FUND BALANCE, Beginning of year	2,747	-	2,747
6000	<i>Total Resources</i>	<u>\$ 267,516</u>	<u>\$ 241,475</u>	<u>\$ 26,041</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, 2014

<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>
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services			
3120	Food preparation and dispensing services	\$ 88,336	\$ 52,224	\$ 6,837
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 88,336	\$ 52,224	\$ 6,837

<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>
\$ 114,529	\$ -	\$ 2,843	\$ -	\$ 264,769	\$ 241,475	\$ (23,294)
-	-	-	2,747	2,747	-	(2,747)
<u>\$ 114,529</u>	<u>\$ -</u>	<u>\$ 2,843</u>	<u>\$ 2,747</u>	<u>\$ 267,516</u>	<u>\$ 241,475</u>	<u>\$ (26,041)</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, 2014

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 823,723	\$ 770,400	\$ 53,323
1112	Prior year's taxes	43,660	20,000	23,660
1500	Earnings on investments	114	100	14
1000	<i>Total Local Revenues</i>	867,497	790,500	76,997
5400	FUND BALANCE, Beginning of year	27,783	-	27,783
6000	<i>Total Resources</i>	<u>\$ 895,280</u>	<u>\$ 790,500</u>	<u>\$ 104,780</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, 2014

<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>OTHER USES</i>			
5100	Debt service	\$ -	\$ -	\$ -
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ -	\$ -	\$ -

<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>
\$ -	\$ -	\$ 790,484	\$ -	\$ 790,484	\$ 790,500	\$ 16
-	-	-	104,796	104,796	-	(104,796)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,484</u>	<u>\$ 104,796</u>	<u>\$ 895,280</u>	<u>\$ 790,500</u>	<u>\$ (104,780)</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, 2014

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1920	Contributions and donations from private sources	\$ -	\$ 1,307,301	\$ (1,307,301)
1990	Miscellaneous	10,248	-	10,248
1000	<i>Total Local Revenues</i>	10,248	1,307,301	(1,297,053)
STATE REVENUES				
3199	Other unrestricted grants-in-aid	95,000	-	95,000
OTHER SOURCES				
5300	Sale of/or compensation for loss of fixed assets	99,321	717,699	(618,378)
5400	FUND BALANCE, Beginning of year	711,276	-	711,276
6000	<i>Total Resources</i>	<u>\$ 915,845</u>	<u>\$ 2,025,000</u>	<u>\$ (1,109,155)</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, 2014

<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>FACILITIES ACQUISITION AND CONSTRUCTION</i>			
4110	Service area direction	\$ -	\$ -	\$ 15,125
4120	Site acquisition and development services	-	-	409,215
4150	Building acquisition, construction, and improvement services	-	-	33,516
4190	Other facilities construction services	-	-	133,199
4000	<i>Total Facilities Acquisition and Construction</i>	-	-	591,055
	<i>OTHER USES</i>			
5100	Debt service	-	-	-
5200	Transfers of funds	-	-	-
5000	<i>Total Other Uses</i>	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,055</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>
\$ -	\$ -	\$ -	\$ -	\$ 15,125		
3,551	-	4,382	-	417,148		
17,189	-	175	-	50,880		
-	-	14,655	-	147,854		
20,740	-	19,212	-	631,007	\$ 770,000	\$ 138,993
-	-	66,932	-	66,932		
-	-	-	212,824	212,824		
-	-	66,932	212,824	279,756	1,255,000	975,244
-	-	-	5,082	5,082	-	(5,082)
<u>\$ 20,740</u>	<u>\$ -</u>	<u>\$ 86,144</u>	<u>\$ 217,906</u>	<u>\$ 915,845</u>	<u>\$ 2,025,000</u>	<u>\$ 1,109,155</u>

OTHER SCHEDULES

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2014

<u>Tax Year</u>	<u>Uncollected Balances July 1, 2013</u>	<u>2013-14 Levy</u>	<u>Added To Rolls</u>	<u>Interest, Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balances June 30, 2014</u>
2013-2014	\$ -	\$ 2,943,439	\$ (76,429)	\$ 10,346	\$ 2,745,047	\$ 111,617
2012-2013	132,545	-	(2)	681	64,517	67,345
2011-2012	77,792	-	-	(600)	39,972	38,420
2010-2011	53,812	-	(2)	(11,187)	44,771	20,226
2009-2010	15,272	-	-	(3,504)	13,514	5,262
2008-2009	4,078	-	-	(691)	2,595	2,174
2007-2008	2,663	-	-	(751)	2,259	1,155
Prior Years	3,172	-	-	(690)	1,358	2,504
Total	\$ 289,334	\$ 2,943,439	\$ (76,433)	\$ (6,396)	\$ 2,914,033	248,703
Plus: Unsegregated taxes receivable						53,573
Total						\$ 302,276
Turnover Reconciliation						
Columbia County Turnovers					\$ 2,914,033	
2012-13 accrual of August 2013 turnover included above					(10,405)	
2013-14 accrual of August 2014 turnover not included above					35,713	
Other taxes and adjustments					(124)	
Total Columbia County Turnovers					<u>2,939,217</u>	
Washington County Turnovers					<u>40,591</u>	
Total property tax revenue recognized					<u>\$ 2,979,808</u>	
Reported in:						
General Fund					\$ 2,112,425	\$ 219,945
Debt Service Fund					<u>867,383</u>	<u>82,331</u>
					<u>\$ 2,979,808</u>	<u>\$ 302,276</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
VERNONIA STUDENT ACTIVITY FUND
YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Receipts	Disbursements	Transfers	Balance June 30, 2014
Art Pay to Play	\$ 40	\$ (40)	\$ -	\$ -	\$ -
Art Fund	4,241	-	1,989	-	2,252
Ashland	(55)	-	-	-	(55)
Athletics Pay to Play	(90)	105	-	(15)	-
Athletics Fund	4,394	9,926	10,428	1,219	5,111
Australia	355	-	-	-	355
Balloon Company	3,533	6,209	3,324	126	6,544
Band Rental, Instrument	-	50	-	-	50
Band Disneyland 2012	103	-	-	-	103
Band Fund	2,438	-	-	-	2,438
Band Individual	575	-	-	-	575
Baseball	132	500	108	-	524
Boys Basketball	3,321	3,900	4,148	(400)	2,673
CAD Scholarship	1,161	-	-	-	1,161
Cheerleading	1,513	2,961	4,405	-	69
Class of "2014"	4,264	2,232	2,054	(2,962)	1,480
Class of "2015"	224	6,903	6,026	(30)	1,071
Class of "2016"	(15)	1,085	1,120	9	(41)
Class of "2017"	-	1,094	548	55	601
Concessions	5,045	8,460	6,827	(253)	6,425
Costa Rica Trip	-	751	751	-	-
Counseling	136	-	-	-	136
Cross Country	(68)	223	223	-	(68)
Digital Arts	53	-	-	-	53
Drama	15	-	-	-	15
EBY Scholarship	-	2,550	1,275	-	1,275
Equestrian Club	760	10,306	11,057	-	9
Europe Trip	168	-	-	(57)	111
Faculty	18	90	95	(13)	-
Football	570	1,230	873	-	927
Forestry	1,085	4,358	4,427	-	1,016
Game Club	25	-	-	-	25
Gate	-	3,483	3,483	-	-
Girls Basketball	21	582	605	29	27
Golf	182	1,160	603	-	739
Grad Nite Account	474	6,478	8,978	3,000	974
Graduated Classes	752	-	-	-	752
Health	(31)	-	-	-	(31)
International Club	(186)	-	-	-	(186)
Library	166	62	110	(35)	83
Lock/Locker	1,172	915	-	-	2,087
Mat Pack	1,406	950	666	(500)	1,190
Memolog	(986)	5,969	7,138	-	(2,155)
Middle School	23,741	25,268	26,421	64	22,652
National Honor Society	(114)	195	86	-	(5)

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
VERNONIA STUDENT ACTIVITY FUND (Continued)
YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Receipts	Disbursements	Transfers	Balance June 30, 2014
OSSOM	\$ 228	\$ 188	\$ 28	\$ -	\$ 388
PBiS	-	200	200	-	-
Pink	97	-	-	-	97
Reader Board	2,338	-	-	-	2,338
Robbie Baska Memorial	2	-	-	-	2
Robotics	355	4,980	3,191	-	2,144
Senior Trip 2012	20	-	-	-	20
Senior Trip 2013	190	-	-	-	190
Senior Trip 2014	791	50,969	52,318	624	66
Senior Trip 2015	576	-	-	(465)	111
Senior Trip 2016	139	-	-	-	139
Shop-Pay-to-Play	-	20	-	-	20
Shop	478	277	468	-	287
Sisters Memorial Scholarship	-	400	-	-	400
Softball	(752)	1,774	404	-	618
Student Body	263	5,341	5,122	(648)	(166)
Table Replacement	-	75	-	-	75
Textbook	66	71	137	-	-
Towel	1,354	-	-	468	1,822
Track	547	225	458	-	314
Volleyball	(1,714)	3,686	2,002	-	(30)
WGS Sunshine	-	1,195	541	58	712
Wrestling	1,687	4,901	3,054	(774)	2,760
Zack Rumbolz Memorial	-	3,712	-	500	4,212
	<u>67,203</u>	<u>185,969</u>	<u>175,691</u>	<u>-</u>	<u>77,481</u>
Amy Kamholz Scholarship	2,302	1	-	-	2,303
Total High School	<u>\$ 69,505</u>	<u>\$ 185,970</u>	<u>\$ 175,691</u>	<u>\$ -</u>	<u>\$ 79,784</u>

VERNONIA SCHOOL DISTRICT NO. 47J
DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2014

A. Energy Bill for Heating - All Funds:

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

	Objects 325 & 326
Function 2540	\$ 118,548
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 No. 47J, Columbia County, Oregon (the District) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 30, 2014.

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.
- Estimated beginning cash balances in the 2014-15 budget document were not reasonable when compared with actual ending fund balances from 2013-14.
- Form ED-1, *Notice of Budget Hearing*, contained multiple errors including an understatement of transfers in by \$10,000 and an overstatement of long term debt outstanding on July 1, 2014.

Internal Control

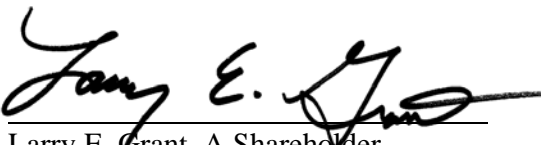
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the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

Deficiencies in internal control were reported to management in a letter dated December 30, 2014.

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 30, 2014

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

<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	S358A127748	\$ 21,807
Passed through Oregon Department of Education:			
Title IA-D Focus Improvement subgrant	84.010	28390	20,605
Title IA-Formula	84.010	28243	146,266
Title I Grants to Local Educational Agencies	84.010	25363	<u>8,320</u>
<i>Subtotal Title I, Part A</i>			175,191
Special Education - Grants to States (IDEA, Part B)			
IDEA Part B section 611	84.027	28572	93,204
Special Education - Grants to States (IDEA, Part B)			
IDEA SPR&I 12-13	84.027	28023	1,440
Special Education - Grants to States (IDEA, Part B)			
IDEA Enhancement & Extended Assessment Training	84.027	29905	<u>2,122</u>
<i>Subtotal Special Education Cluster (IDEA)</i>			96,766
SPIG - Personnel Development Grant Next Step			
	84.323	26862	2,444
Title IIA Improving Teacher Quality State Grants			
Title IIA Improving Teacher Quality State Grants	84.367	25598	6,000
Title IIA Improving Teacher Quality State Grants	84.367	28768	<u>36,473</u>
<i>Subtotal Improving Teacher Quality</i>			42,473
Total U.S. Department of Education			<u>338,681</u>
U.S. Department of Health and Human Services			
Passed through Oregon Department of Education:			
ARRA - Head Start - Early Childhood Matters	93.708	27591	1,240
U.S. Department of Justice			
Passed through City of Vernonia:			
ARRA -Public Safety Partnership and Community Policing Grants	16.710	106102	15,684
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
School Breakfast Program	10.553	N/A	25,611
National School Lunch Program	10.555	N/A	117,054 *
Special Milk Program for Children	10.556	N/A	357
Summer Food Service Program for Children	10.559	N/A	<u>11,656 *</u>
<i>Subtotal Child Nutrition Cluster</i>			154,678

* Includes non-cash commodity awards

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, 2014

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Expenditures</i>
<i>U.S. Department of the Interior</i>			
<i>Fish and Wildlife Service</i>			
<i>Direct:</i>			
<i>Partners for Fish and Wildlife</i>	15.631	13420-B-J130A	\$ 4,836
<i>TOTALS</i>			<u>\$ 515,119</u>
 <i>RECONCILIATION TO FEDERAL REVENUE:</i>			
<i>Federal expenditures per schedule above</i>			\$ 515,119
<i>Federal assistance not required to be included on the SEFA - interest subsidies</i>			<u>123,983</u>
<i>Federal Revenue per Statement of Revenues, Expenditures, and Changes in Fund Balances</i>			<u>\$ 639,102</u>

See notes to schedule of expenditures of federal awards

VERNONIA SCHOOL DISTRICT 47J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

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 Vernonia School District No. 47J, it is not intended to and does not present 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, 2014.

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

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 Vernonia School District No. 47J, Columbia County, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal 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.

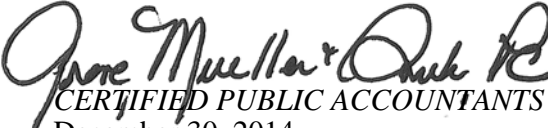
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

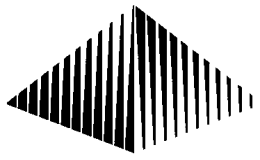
Compliance and Other Matters

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 30, 2014



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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Vernonia School District No. 47J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance


Management 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 30, 2014

VERNONIA SCHOOL DISTRICT 47J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A

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, 2014

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.