

***VERNONIA SCHOOL DISTRICT NO. 47J
FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION
Year Ended June 30, 2015***

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

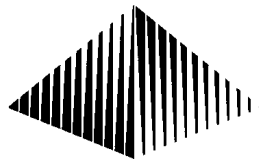
Aaron Miller, Superintendent and Budget Officer
Dawn Plews, Business Manager

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(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, 2015, 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, 2015, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, "*Accounting and Reporting for Pension Plans – an amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". The net position at July 1, 2014 was restated to reflect the change. Our opinion is not modified with respect to this matter.

Other Matters

Emphasis of a Matter

As discussed in the notes to the financial statements, the District has not accrued a liability for some 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), the budgetary comparison information (pages 39 through 40), and the schedule of the proportionate share of the net pension liability for PERS (page 37) and the schedule of contributions for PERS (page 38) 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, the schedule of the proportionate share of the net pension liability for PERS, and the schedule of contributions for PERS 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 18, 2015, 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 18, 2015, 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 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2015 was \$21.0 million. Of this amount, \$20.5 million represents the District's net investment in capital assets, \$136 thousand is restricted for debt service, \$91 thousand is restricted for student body activities, \$4 thousand is restricted for grants and projects, and \$249 thousand is unrestricted.
- The District's total net position decreased by \$0.3 million. This change consisted of prior period adjustments totaling a decrease of \$2.8 million and a current year increase of \$2.5 million.
- The District's governmental funds reported a combined ending fund balance of \$1.3 million at June 30, 2015, an increase of \$0.5 million.
- At the end of the fiscal year ended June 30, 2015, unassigned fund balance for the General Fund was \$1.1 million, which represents an increase of \$0.5 million 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 Combined Grants and Projects 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 \$21.0 million as of June 30, 2015, a net decrease of \$0.3 million during the year.

Investment in capital assets, which consists of the District's land, buildings, building improvements, vehicles, and equipment, net of accumulated depreciation, represents about 92 percent of total assets. The remaining assets consist mainly of investments, cash, grants and property taxes receivable and a net pension asset.

The District's largest liability, which represents 97 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, 2015.

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 investments 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.

Vernonia School District No. 47J
Statements of Net Position
June 30,

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Current and other assets	\$ 1,898,999	\$ 2,023,056	\$ (124,057)
PERS net pension asset	1,507,622	-	1,507,622
Capital assets	38,310,150	38,968,792	(658,642)
Total Assets	<u>41,716,771</u>	<u>40,991,848</u>	724,923
Deferred Outflows of Resources	618,679	-	618,679
Total Assets and Deferred Outflows of Resources	<u>42,335,450</u>	<u>40,991,848</u>	1,343,602
Current liabilities	467,089	1,053,340	(586,251)
Long-term liabilities	17,844,126	18,649,628	(805,502)
Total Liabilities	<u>18,311,215</u>	<u>19,702,968</u>	(1,391,753)
Deferred Inflows of Resources	3,069,794	-	3,069,794
Total Liabilities and Deferred Inflows of Resources	<u>21,381,009</u>	<u>19,702,968</u>	1,678,041
Net position:			
Net investment in capital assets	20,473,820	20,341,446	132,374
Restricted	231,567	193,198	38,369
Unrestricted	249,054	754,236	(505,182)
Total Net Position	<u>\$ 20,954,441</u>	<u>\$ 21,288,880</u>	<u>\$ (334,439)</u>

Statement of Activities. During the current fiscal year, the District's net position decreased by \$0.3 million, as compared to a decrease of \$3.2 million in the prior year. The key elements of the change in the District's net position for the year ended June 30, 2015 are as follows:

- Operating grants and contributions increased by \$0.4 million when compared to the prior year, the result of several state grants in such areas as Career-Technical Education, School Improvement and Common Core.
- State school fund revenues increased by \$0.3 million, primarily due to the state-wide increase per pupil allocations.
- Gain on sale of capital assets increased by \$0.4 million due to the completion of the Spencer Park Project.
- Expenses decreased by \$1.6 million, primarily the result of adjustments made for the implementation of GASB Statement No. 68.
- Prior period adjustments of \$2.8 million reduced net position as of July 1, 2014 to record the District's net pension liability as part of the implementation of GASB Statement No. 68.

Vernonia School District No. 47J
Statements of Activities
June 30,

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues			
Program revenues			
Fines, fees, and charges for service	\$ 328,737	\$ 304,382	\$ 24,355
Operating grants and contributions	1,199,650	826,558	373,092
Capital grants and contributions	130,245	95,000	35,245
General revenues			
Property taxes, levied for general purposes	2,152,615	2,062,367	90,248
Property taxes, levied for debt service	853,118	851,518	1,600
State school fund	2,853,013	2,538,350	314,663
Common school fund	50,700	48,236	2,464
Unrestricted state and local sources	1,197,514	1,139,864	57,650
Earnings on investments	10,027	10,556	(529)
Miscellaneous	96,925	80,201	16,724
Gain on disposition of capital assets	511,610	104,321	407,289
<i>Total revenues</i>	<u>9,384,154</u>	<u>8,061,353</u>	<u>1,322,801</u>
Expenses			
Instructional services	3,208,809	4,325,489	(1,116,680)
Support services	2,257,062	2,548,754	(291,692)
Food services	218,943	267,371	(48,428)
Facilities services	547,489	636,223	(88,734)
Interest on long-term liabilities	656,455	666,441	(9,986)
<i>Total expenses</i>	<u>6,888,758</u>	<u>8,444,278</u>	<u>(1,555,520)</u>
Change in net position	2,495,396	(382,925)	2,878,321
Net position, beginning of year (as restated)	18,459,045	21,671,805	(3,212,760)
Net position, end of year	<u>\$ 20,954,441</u>	<u>\$ 21,288,880</u>	<u>\$ (334,439)</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, 2015, the District's governmental funds reported combined ending fund balances of \$1.3 million, an increase of \$0.5 million in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2015, fund balance was \$1.1 million. The fund balance increased by \$0.5 million during the current fiscal year.

General Fund Budgetary Highlights

The budget for the General Fund was adopted by the Board on June 12, 2014. The Board approved Resolution Number 1415-06 to adjust the original budget on June 11, 2015.

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, 2015, the District had invested \$38.3 million in capital assets, net of depreciation, as shown in the following table:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Land and improvements	\$ 1,528,510	\$ 1,528,510	\$ -
Construction in progress	129,674	-	129,674
Building and improvements	36,619,230	37,404,419	(785,189)
Vehicles and equipment	32,736	35,863	(3,127)
Total	<u>\$ 38,310,150</u>	<u>\$ 38,968,792</u>	<u>\$ (658,642)</u>

During fiscal year 2014-15, the District's investment in capital assets decreased by \$0.7 million. The major capital asset events for the year ended June 30, 2015 included depreciation of \$0.8 million.

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, \$50,000 of principal was paid on the debt. At June 30, 2015, the District has \$545,000 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 \$31,332. At June 30, 2015, the District has \$183,989 of outstanding Qualified Zone Academy Bonds payable.

In November of 2009, the District issued \$13,000,000 in general obligation bonds. During the year, \$215,000 of principal was paid on the debt. At June 30, 2015, the District has \$12,360,000 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, \$200,000 of principal was paid on the debt. At June 30, 2015, the District has \$2,415,000 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, \$55,428 of principal was paid on the debt. At June 30, 2015, the District has \$859,681 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, \$64,930 of principal was paid on the debt. At June 30, 2015, the District has \$1,143,559 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, 2015, the State School Fund - General Support provided about 42 percent of the District's General Fund revenues.

From the 2004-05 fiscal year until September 2015, the District has experienced an almost 25 percent cumulative decline in enrollment, about 1% per year in recent years, from 714 to 537 students. This is in part due to the flood of 2007-08. This steady decrease in enrollment has resulted in a decline in State School Fund – General Support.

Salaries and benefits costs are expected to increase in 2015-2016 based on negotiated contractual obligations.

Another area that will require continued attention is the Public Employees Retirement System (PERS). For the current biennium, ending June 30, 2017, effective rates are 22.33% of salary covered under the plan for Tier 1 and Tier 2 employees and 17.64% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). Rates are expected to increase significantly for the 2017-19 biennium. Preliminary estimates for Tier 1 and 2 employees project a rate of 26.94%, while the rate for OPSRP employees is projected as 21.25%. However, finalized rates may be higher, depending on investment returns for calendar year 2015.

The District's Budget Committee and School Board considered all of these factors while preparing the District's budget for the 2015-2016 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, 2015

ASSETS

Cash and investments	\$ 1,340,457
Receivables	555,728
Inventories	2,814
PERS net pension asset	1,507,622
Capital assets not being depreciated	
Land	1,528,510
Construction in progress	129,674
Capital assets, net of accumulated depreciation	
Buildings	36,619,230
Equipment	32,736
	<hr/>
<i>Total Assets</i>	41,716,771

DEFERRED OUTFLOWS OF RESOURCES

PERS deferred outflows	618,679
	<hr/>
<i>Total assets and deferred outflows of resources</i>	42,335,450

LIABILITIES

Accounts payable and accrued expenses	396,469
Unearned revenue	3,882
Accrued compensated absences payable	13,435
Accrued interest	53,303
Long-term liabilities	
Portion due within one year	653,433
Portion due in more than one year	17,190,693
	<hr/>
<i>Total Liabilities</i>	18,311,215

DEFERRED INFLOWS OF RESOURCES

PERS deferred inflows	3,069,794
	<hr/>
<i>Total liabilities and deferred inflows of resources</i>	21,381,009
	<hr/>

NET POSITION

Net investment in capital assets	20,473,820
Restricted for	
Debt service	136,428
Student body	91,257
Grants and projects	3,882
Unrestricted	249,054
	<hr/>
<i>Total Net Position</i>	\$ 20,954,441
	<hr/> <hr/>

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

VERNONIA SCHOOL DISTRICT NO. 47J
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	<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	\$ 3,208,809	\$ 254,886	\$ 1,026,360	\$ 106,290	\$ (1,821,273)
Support services	2,257,062	7,741	-	-	(2,249,321)
Food services	218,943	66,110	173,290	-	20,457
Facilities services	547,489	-	-	23,955	(523,534)
Interest on long-term liabilities	656,455	-	-	-	(656,455)
<i>Total Governmental Activities</i>	<u>\$ 6,888,758</u>	<u>\$ 328,737</u>	<u>\$ 1,199,650</u>	<u>\$ 130,245</u>	(5,230,126)
General Revenues:					
Property taxes, levied for general purposes					2,152,615
Property taxes, levied for debt service					853,118
State school fund					2,853,013
Common school fund					50,700
Unrestricted state and local sources					1,197,514
Earnings on investments					10,027
Miscellaneous					96,925
Gain on disposition of capital assets					511,610
<i>Total General Revenues</i>					<u>7,725,522</u>
<i>Change in Net Position</i>					2,495,396
<i>Net Position - beginning, as restated (see notes to the financial statements)</i>					<u>18,459,045</u>
<i>Net Position - ending</i>					<u>\$ 20,954,441</u>

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

VERNONIA SCHOOL DISTRICT NO. 47J
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Special Revenue Combined Grants and Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 1,139,174	\$ 91,257	\$ 104,026	\$ 6,000	\$ 1,340,457
Property taxes receivable	184,702	-	69,689	-	254,391
Due from other funds	136,092	-	-	-	136,092
Other receivables	132,958	138,293	23,866	6,220	301,337
Inventories	-	-	-	2,814	2,814
Total Assets	\$ 1,592,926	\$ 229,550	\$ 197,581	\$ 15,034	\$ 2,035,091
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 64,910	\$ -	\$ 7,850	\$ 6,657	\$ 79,417
Due to other funds	-	130,529	-	5,563	136,092
Accrued salaries and benefits	317,052	-	-	-	317,052
Unearned revenue	-	3,882	-	-	3,882
Total Liabilities	381,962	134,411	7,850	12,220	536,443
Deferred Inflows of Resources					
Unavailable revenue - property taxes	137,580	-	51,970	-	189,550
Fund Balances					
Nonspendable inventory	-	-	-	2,814	2,814
Restricted for:					
Debt service	-	-	137,761	-	137,761
Student body	-	91,257	-	-	91,257
Grants and projects	-	3,882	-	-	3,882
Unassigned	1,073,384	-	-	-	1,073,384
Total Fund Balances	1,073,384	95,139	137,761	2,814	1,309,098
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,592,926	\$ 229,550	\$ 197,581	\$ 15,034	\$ 2,035,091

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, 2015

FUND BALANCES		\$ 1,309,098
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 40,932,248	
Accumulated depreciation	<u>(2,622,098)</u>	38,310,150
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.		189,550
Long-term pension liabilities/assets not payable in the current year are not reported as governmental fund liabilities/assets. Actuarial changes create deferred outflows and inflows of resources. These consist of:		
PERS net pension asset (liability)	1,507,622	
Net deferred outflows of resources	618,679	
Net deferred inflows of resources	<u>(3,069,794)</u>	(943,493)
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	(53,303)	
Compensated absences payable	(13,435)	
Early retirement incentives	(7,796)	
Capital leases	(12,996)	
Long-term debt	<u>(17,823,334)</u>	<u>(17,910,864)</u>
TOTAL NET POSITION		<u><u>\$20,954,441</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, 2015

	<u>General Fund</u>	<u>Special Revenue Combined Grants and Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
Property taxes	\$ 2,171,091	\$ -	\$ 858,081	\$ -	\$ 3,029,172
Intergovernmental					
Intermediate sources	101,263	-	212,500	27,455	341,218
State sources	4,419,722	-	-	6,334	4,426,056
Federal sources	-	343,807	116,357	166,956	627,120
Charges for services	37,699	214,963	-	66,110	318,772
Contributions	46,795	-	23,867	-	70,662
Investment earnings	9,703	-	116	208	10,027
Miscellaneous	58,941	-	-	24,082	83,023
Total Revenues	6,845,214	558,770	1,210,921	291,145	8,906,050
EXPENDITURES					
Current					
Instruction	3,264,944	490,583	-	-	3,755,527
Support services	2,713,938	56,714	-	-	2,770,652
Enterprise and community services	-	-	-	268,437	268,437
Facilities acquisition and construction	140,990	-	-	401,609	542,599
Debt service					
Principal	4,815	-	616,690	-	621,505
Interest and other charges	3,109	-	836,431	-	839,540
Capital outlay	137,207	-	-	-	137,207
Total Expenditures	6,265,003	547,297	1,453,121	670,046	8,935,467
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	580,211	11,473	(242,200)	(378,901)	(29,417)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	743	275,165	25,031	300,939
Transfers out	(145,266)	-	-	(155,673)	(300,939)
Sale of/or compensation for loss of capital assets	7,082	-	-	504,528	511,610
Total Other Financing Sources (Uses)	(138,184)	743	275,165	373,886	511,610
NET CHANGE IN FUND BALANCES	442,027	12,216	32,965	(5,015)	482,193
FUND BALANCES, beginning	631,357	82,923	104,796	7,829	826,905
FUND BALANCES, ending	\$ 1,073,384	\$ 95,139	\$ 137,761	\$ 2,814	\$ 1,309,098

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, 2015**

NET CHANGE IN FUND BALANCES - (Governmental Funds)		\$ 482,193
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Expenditures for capital assets	\$ 137,207	
Less current year depreciation	<u>(795,849)</u>	(658,642)
<p>Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount by which repayments exceeded proceeds:</p>		
Debt principal repaid and debt forgiveness	727,795	
Amortization of bond premium	<u>63,221</u>	791,016
<p>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.</p>		
		3,507
<p>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.</p>		
		(23,439)
<p>In the Statement of Activities, pension expense is adjusted based on the actuarially determined contribution changes:</p>		
Net change in PERS net pension liability/asset	4,901,792	
Net change in deferred outflows of resources	54,344	
Net change in deferred inflows of resources	<u>(3,069,794)</u>	1,886,342
<p>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.</p>		
		14,486
<p>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.</p>		
		<u>(67)</u>
CHANGE IN NET POSITION		<u>\$ 2,495,396</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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.

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 and other long-term debt.

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

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.

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

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, 2015, 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 State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

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 the year ended June 30, 2015, the District disbursed nothing for sick leave pay as a result of resignation or retirement. Accrued vacation payable as of June 30, 2015 totaled \$13,435.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations (Continued)

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet 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 or fund balance that applies to a future period(s) so will not be recognized as an outflow of resources (expense/expenditure) until that time. The government has one item that qualifies for reporting in this category, arising only under the full accrual basis of accounting. As such, this item, *PERS deferred outflows*, which relates to the deferral of PERS contributions under GASB 68, only appears on the statement of net position.

In addition to liabilities, the statement of net position and balance sheet 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 or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. One item, *PERS deferred inflows*, which relates to the deferral of the differences between projected and actual PERS investment earnings, arises only under the full accrual basis of accounting and only appears on the statement of net position. The other item, *unavailable revenue – property taxes*, only arises under a modified accrual basis of accounting and as such, is reported only in the governmental funds balance sheet. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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).

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.

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

Supplemental budgets of less than 10% of a fund’s original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund’s original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, there was one supplemental budget and one resolution 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, 2015:

	<i>Carrying Value</i>	<i>Fair Value</i>
	<u> </u>	<u> </u>
<i>Cash</i>		
Cash on hand	\$ 100	\$ 100
Deposits with financial institutions	461,628	461,628
<i>Investments</i>		
Local Government Investment Pool	878,729	878,729
	<u>\$ 1,340,457</u>	<u>\$ 1,340,457</u>

Deposits

The book balance of the District’s bank deposit accounts was \$461,628 and the bank balance was \$709,639 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 \$459,639 as of June 30, 2015.

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, 2015, 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, 2015

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</i>			<i>Balance</i>
	<i>June 30, 2014</i>	<i>Increases</i>	<i>Decreases</i>	<i>June 30, 2015</i>
Capital assets not being depreciated:				
Land	\$ 1,528,510	\$ -	\$ -	\$ 1,528,510
Construction in progress	-	129,674	-	129,674
<i>Total Capital Assets Not Being Depreciated</i>	1,528,510	129,674	-	1,658,184
Capital assets being depreciated:				
Buildings and improvements	39,139,776	-	-	39,139,776
Equipment	101,105	7,533	-	108,638
Vehicles	25,650	-	-	25,650
<i>Total Capital Assets Being Depreciated</i>	39,266,531	7,533	-	39,274,064
Less accumulated depreciation for:				
Buildings and improvements	(1,735,357)	(785,189)	-	(2,520,546)
Equipment	(65,242)	(10,660)	-	(75,902)
Vehicles	(25,650)	-	-	(25,650)
<i>Total Accumulated Depreciation</i>	(1,826,249)	(795,849)	-	(2,622,098)
<i>Total Capital Assets Being Depreciated, net</i>	37,440,282	(788,316)	-	36,651,966
<i>Total Capital Assets, net</i>	<u>\$ 38,968,792</u>	<u>\$ (658,642)</u>	<u>\$ -</u>	<u>\$ 38,310,150</u>

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

CAPITAL ASSETS (Continued)

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

Program	
Instructional services	\$ 781,708
Support services	6,649
Food services	2,602
Facilities services	4,890
	<hr/>
Total Depreciation Expense	<u><u>\$ 795,849</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 \$17,811 to \$12,996, net of current year principal paid. The leased equipment has a cost of \$20,200 and has a net book value of \$4,040 and accumulated depreciation of \$16,160 at June 30, 2015. 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>
2016	\$ 5,861	\$ 2,063	\$ 7,924
2017	7,135	789	7,924
	<hr/>	<hr/>	<hr/>
	<u><u>\$ 12,996</u></u>	<u><u>\$ 2,852</u></u>	<u><u>\$ 15,848</u></u>

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

LONG-TERM DEBT

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

<u>Issue Date</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2014</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Outstanding June 30, 2015</u>	<u>Amounts Due in One Year</u>
Certificates of participation						
July 1, 2004	\$ 995,000	\$ 595,000	\$ -	\$ 50,000	\$ 545,000	\$ 50,000
Qualified zone academy bonds						
August 30, 2005	487,660	215,321	-	31,332	183,989	30,434
General obligation bonds						
Series 2010	13,000,000	12,575,000	-	215,000	12,360,000	235,000
Qualified school construction bonds						
Series 2010-B	3,400,000	2,615,000	-	200,000	2,415,000	200,000
Total bonds		16,000,321	-	496,332	15,503,989	515,434
Issuance premium		379,326	-	63,221	316,105	-
Total bonds payable		16,379,647	-	559,553	15,820,094	515,434
Notes payable						
SDC repayment agreement	139,159	106,290	-	106,290	-	-
Oregon Cool Schools Loan L00864	1,000,000	915,109	-	55,428	859,681	57,342
Oregon Cool Schools Loan L00881	1,237,342	1,208,489	-	64,930	1,143,559	67,000
Total notes		2,229,888	-	226,648	2,003,240	124,342
Early retirement incentive		22,282	9,376	23,862	7,796	7,796
Total long term debt		<u>\$ 18,631,817</u>	<u>\$ 9,376</u>	<u>\$ 810,063</u>	<u>\$ 17,831,130</u>	<u>\$ 647,572</u>

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

\$ 545,000

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

183,989

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.

12,360,000

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.

2,415,000

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

316,105

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

859,681

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

1,143,559

Early retirement incentive.

7,796

\$ 17,831,130

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

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>
2016	\$ 639,776	\$ 699,440	\$ 1,339,216
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	779,490	626,711	1,406,201
2021 - 2025	4,419,729	2,737,665	7,157,394
2026 - 2030	4,467,257	1,857,664	6,324,921
2031 - 2035	5,085,000	798,750	5,883,750
	<u>\$ 17,507,229</u>	<u>\$ 8,715,428</u>	<u>\$ 26,222,657</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 transferred into the Debt Service Fund from the General Fund.

INTERFUND ACTIVITY

The District completed the following interfund transactions during the year ended June 30, 2015:

	<i>Transfers In</i>	<i>Transfers Out</i>
General	\$ -	\$ 145,266
Combined Grants and Projects	743	-
Debt Service	275,165	-
Other Governmental Funds		
Capital Reserve	-	155,673
Food Service	25,031	-
	<u>\$ 300,939</u>	<u>\$ 300,939</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 \$25,031 to the Food Service Fund and \$743 to the Combined Grants and Projects Fund to cover expenditures. The Capital Reserve Fund transferred \$155,673 and the General Fund transferred \$119,492 to the Debt Service Fund for principal and interest payments.

PENSION PLAN

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

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

PERS Pension (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$618,679, excluding amounts to fund employer specific liabilities. In addition approximately \$170,052 in employee contributions were paid or picked up by the District in fiscal 2015.

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

At June 30, 2015, the District reported a net pension asset of \$1,507,622 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2012, the District's proportion was .07 percent.

	<u><i>Deferred Outflow of Resources</i></u>	<u><i>Deferred (Inflow) of Resources</i></u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (2,909,099)
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>-</u>	<u>(160,695)</u>
Subtotal - Amortized Deferrals (below)	-	(3,069,794)
District contributions subsequent to measurement date	<u>618,679</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 618,679</u>	<u>\$ (3,069,794)</u>

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

<u><i>Year ending June 30,</i></u>	<u><i>Amount</i></u>
2016	\$ 762,209
2017	762,209
2018	762,209
2019	762,209
2020	20,958
Thereafter	<u>-</u>
Total	<u>\$3,069,794</u>

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

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

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Actuarial Valuations

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

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

Actuarial Methods and Assumptions:

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

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

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

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

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

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
District's proportionate share of the net pension liability (asset)	\$ 3,192,599	\$ (1,507,622)	\$ (5,482,906)

Changes in Plan Provisions Subsequent to Measurement Date:

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

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

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

PENSION PLAN (Continued)

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700,

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

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, 2015, 2014 and 2013 were \$16,041, \$15,869, and \$17,710, respectively, 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, 2015, the District was providing early retirement incentive health care benefits to one former employee.

During the year ended June 30, 2015, governmental fund expenditures related to early retirement insurance benefits totaled \$23,862.

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, however any liability related to the implicit subsidy for retiree health insurance has not been recorded in the Statement of Net Position.

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

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, 2015, expenditures exceeded appropriations as follows:

	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
<i>General Fund</i>			
Instruction	\$ 3,392,728	\$ 3,394,618	\$ (1,890)
Support services	2,699,488	2,713,938	(14,450)
<i>Other Governmental Funds</i>			
<i>Food Service</i>			
Enterprise and community services	252,537	268,437	(15,900)
<i>Capital Reserve</i>			
Transfers out	103,210	155,673	(52,463)

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

RESTATEMENT OF PRIOR YEAR NET POSITION

Due to the implementation of GASB Statements 68 and 71, a restatement of the prior year net position was required to record the net pension liability at the prior measurement date and reclassify prior year pension contributions from expenses to deferred outflows:

<i>Net position as previously reported at June 30, 2014</i>	\$ 21,288,880
<i>Prior period adjustment:</i>	
Net pension liability (measurement date as of June 30, 2013)	(3,394,170)
District contributions made during fiscal year 2014 (deferred outflow)	<u>564,335</u>
Total prior period adjustment	<u>(2,829,835)</u>
<i>Net position as restated, at July 1, 2014</i>	<u><u>\$ 18,459,045</u></u>

NEW PRONOUNCEMENTS

For the fiscal year ended June 30, 2015, the District implemented the following new accounting standards:

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

GASB Statement No. 69 “Government Combinations and Disposals of 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.

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. 72 “Fair Value Measurement and Application.” The statement provides guidance on determining, accounting for, and reporting fair value measurements. The statement is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73 “Pension Transition for Contributions Made Subsequent to the Measurement Date Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” The statement establishes accounting and financial reporting requirements related to pensions provided by governments that are not within the scope of GASB Statement No. 68, extending that approach to all pensions. The statement is effective for fiscal years beginning after June 15, 2016.

VERNONIA SCHOOL DISTRICT NO. 47J
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 74 “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” The statement establishes accounting and financial reporting requirements related to other postemployment benefits plans, replacing GASB Statements No. 43 and No. 57. The statement is effective for fiscal years beginning after June 15, 2016.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
YEAR ENDED JUNE 30, 2015

<i>Year Ended June 30,</i>	<i>Employer's proportion of the net pension liability (NPL)</i>	<i>Employer's proportionate share of the net pension liability (NPL)</i>	<i>Employer's covered payroll</i>	<i>NPL as a percentage of covered payroll</i>	<i>Plan fiduciary net position as a percentage of the total pension liability</i>
2015	0.07%	\$ (1,507,622)	\$ 2,903,530	-51.9%	103.6%
2014	0.07%	3,394,170	2,859,997	118.7%	92.0%

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

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

See notes to the required supplementary information.

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF CONTRIBUTIONS FOR PERS
YEAR ENDED JUNE 30, 2015

<i>Year Ended June 30,</i>	<i>Statutorily required contribution</i>	<i>Contributions in relation to the statutorily required contribution</i>	<i>Contribution deficiency (excess)</i>	<i>Employer's covered payroll</i>	<i>Contributions as a percent of covered payroll</i>
2015	\$ 618,679	\$ 618,679	\$ -	\$ 2,903,530	21.3%
2014	564,335	564,335	-	2,859,997	19.7%

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

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

See notes to the 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, 2015

	<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						
Property taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,171,091	\$ 121,091	\$ -	\$ 2,171,091
Intergovernmental						
Intermediate sources	78,992	108,992	101,263	(7,729)	-	101,263
State sources	3,602,502	3,915,905	4,419,722	503,817	-	4,419,722
Charges for services	46,000	46,000	37,699	(8,301)	-	37,699
Contributions	8,500	33,500	39,262	5,762	7,533	46,795
Investment earnings	10,000	10,000	9,703	(297)	-	9,703
Miscellaneous	68,100	68,100	58,941	(9,159)	-	58,941
<i>Total Revenues</i>	<u>5,864,094</u>	<u>6,232,497</u>	<u>6,837,681</u>	<u>605,184</u>	<u>7,533</u>	<u>6,845,214</u>
EXPENDITURES						
Current						
Instruction	3,217,728	3,392,728	3,394,618	(1,890)	(129,674)	3,264,944
Support services	2,624,488	2,699,488	2,713,938	(14,450)	-	2,713,938
Facilities acquisition and construction	102,954	142,954	140,990	1,964	-	140,990
Debt service						
Principal	4,815	4,815	4,815	-	-	4,815
Interest	3,109	3,109	3,109	-	-	3,109
Capital outlay	-	-	-	-	137,207	137,207
Operating contingency	76,486	76,486	-	76,486	-	-
<i>Total Expenditures</i>	<u>6,029,580</u>	<u>6,319,580</u>	<u>6,257,470</u>	<u>62,110</u>	<u>7,533</u>	<u>6,265,003</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(165,486)	(87,083)	580,211	667,294	-	580,211
OTHER FINANCING SOURCES (USES)						
Transfers out	(144,514)	(222,917)	(145,266)	77,651	-	(145,266)
Sale of/or compensation for loss of capital assets	-	-	7,082	7,082	-	7,082
<i>Total Other Financing Sources (Uses)</i>	<u>(144,514)</u>	<u>(222,917)</u>	<u>(138,184)</u>	<u>84,733</u>	<u>-</u>	<u>(138,184)</u>
NET CHANGE IN FUND BALANCE	(310,000)	(310,000)	442,027	752,027	-	442,027
FUND BALANCE, beginning	<u>360,000</u>	<u>360,000</u>	<u>631,357</u>	<u>271,357</u>	<u>-</u>	<u>631,357</u>
FUND BALANCE, ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 1,073,384</u>	<u>\$ 1,023,384</u>	<u>\$ -</u>	<u>\$ 1,073,384</u>

See notes to the required supplementary information.

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, 2015

	<i>Budgeted Amounts</i>		<i>Actual Budget and GAAP Basis</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental				
Federal sources	\$ 339,662	\$ 350,662	\$ 343,807	\$ (6,855)
Charges for services	245,000	245,000	214,963	(30,037)
Contributions	1,000	1,000	-	(1,000)
<i>Total Revenues</i>	585,662	596,662	558,770	(37,892)
EXPENDITURES				
Current				
Instruction	553,294	563,155	490,583	72,572
Support services	57,368	58,507	56,714	1,793
<i>Total Expenditures</i>	610,662	621,662	547,297	74,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,000)	(25,000)	11,473	36,473
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	743	743
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	12,216	37,216
FUND BALANCE, beginning	65,000	65,000	82,923	17,923
FUND BALANCE, ending	\$ 40,000	\$ 40,000	\$ 95,139	\$ 55,139

See notes to the required supplementary information.

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 – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2015

	<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						
Property taxes	\$ 825,150	\$ 825,150	\$ 858,081	\$ 32,931	\$ -	\$ 858,081
Intergovernmental						
State sources	-	-	212,500	212,500	-	212,500
Federal sources	3,950,000	3,950,000	-	(3,950,000)	116,357	116,357
Contributions	404,083	325,680	23,867	(301,813)	-	23,867
Investment earnings	100	100	116	16	-	116
<i>Total Revenues</i>	<u>5,179,333</u>	<u>5,100,930</u>	<u>1,094,564</u>	<u>(4,006,366)</u>	<u>116,357</u>	<u>1,210,921</u>
EXPENDITURES						
Debt service						
Principal	646,373	646,373	610,923	35,450	5,767	616,690
Interest	724,451	724,451	725,841	(1,390)	110,590	836,431
Contingency	716,233	716,233	-	716,233	-	-
<i>Total Expenditures</i>	<u>2,087,057</u>	<u>2,087,057</u>	<u>1,336,764</u>	<u>750,293</u>	<u>116,357</u>	<u>1,453,121</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,092,276	3,013,873	(242,200)	(3,256,073)	-	(242,200)
OTHER FINANCING SOURCES (USES)						
Transfers in	207,724	286,127	275,165	(10,962)	-	275,165
NET CHANGE IN FUND BALANCE	3,300,000	3,300,000	32,965	(3,267,035)	-	32,965
FUND BALANCE, beginning	-	-	104,796	104,796	-	104,796
FUND BALANCE, ending	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ 137,761</u>	<u>\$ (3,162,239)</u>	<u>\$ -</u>	<u>\$ 137,761</u>

VERNONIA SCHOOL DISTRICT NO. 47J
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Food Service</u>	<u>Capital Reserve</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ -	\$ 6,000	\$ 6,000
Other receivables	6,220	-	6,220
Inventories	2,814	-	2,814
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$ 9,034	\$ 6,000	\$ 15,034
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 657	\$ 6,000	\$ 6,657
Due to other funds	5,563	-	5,563
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	6,220	6,000	12,220
 Fund Balances			
Nonspendable inventory	2,814	-	2,814
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 9,034	\$ 6,000	\$ 15,034
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

VERNONIA SCHOOL DISTRICT NO. 47J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Food Service</u>	<u>Capital Reserve</u>	<u>Total</u>
REVENUES			
Intergovernmental			
Intermediate sources	\$ 3,500	\$ 23,955	\$ 27,455
State sources	6,334	-	6,334
Federal sources	166,956	-	166,956
Charges for services	66,110	-	66,110
Investment earnings	-	208	208
Miscellaneous	573	23,509	24,082
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	243,473	47,672	291,145
EXPENDITURES			
Current			
Enterprise and community services	268,437	-	268,437
Facility acquisition and construction	-	401,609	401,609
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	268,437	401,609	670,046
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,964)	(353,937)	(378,901)
OTHER FINANCING SOURCES (USES)			
Transfers in	25,031	-	25,031
Transfers out	-	(155,673)	(155,673)
Sale of/or compensation for loss of capital assets	-	504,528	504,528
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	25,031	348,855	373,886
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	67	(5,082)	(5,015)
FUND BALANCES, beginning	2,747	5,082	7,829
	<hr/>	<hr/>	<hr/>
FUND BALANCES, ending	\$ 2,814	\$ -	\$ 2,814
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget and GAAP Basis	Final Budget
REVENUES				
Intergovernmental				
Intermediate sources	\$ -	\$ -	\$ 3,500	\$ 3,500
State sources	2,500	2,500	6,334	3,834
Federal sources	138,037	138,037	166,956	28,919
Charges for services	71,000	71,000	66,110	(4,890)
Miscellaneous	1,000	1,000	573	(427)
Total Revenues	212,537	212,537	243,473	30,936
EXPENDITURES				
Enterprise and community services	252,537	252,537	268,437	(15,900)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40,000)	(40,000)	(24,964)	15,036
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	25,031	(14,969)
NET CHANGE IN FUND BALANCE	-	-	67	67
FUND BALANCE, beginning	-	-	2,747	2,747
FUND BALANCE, ending	\$ -	\$ -	\$ 2,814	\$ 2,814

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2015

	<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				
Intergovernmental				
Intermediate sources	\$ -	\$ -	\$ 23,955	\$ 23,955
Federal sources	23,000	23,000	-	(23,000)
Investment earnings	-	-	208	208
Miscellaneous	25,000	25,000	23,509	(1,491)
<i>Total Revenues</i>	48,000	48,000	47,672	(328)
EXPENDITURES				
Facilities acquisition and construction	322,350	452,350	401,609	50,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(274,350)	(404,350)	(353,937)	50,413
OTHER FINANCING SOURCES (USES)				
Transfers out	(103,210)	(103,210)	(155,673)	(52,463)
Sale of/or compensation for loss of capital assets	100,000	230,000	504,528	274,528
<i>Total Other Financing Sources (Uses)</i>	(3,210)	126,790	348,855	222,065
NET CHANGE IN FUND BALANCE	(277,560)	(277,560)	(5,082)	272,478
FUND BALANCE, beginning	277,560	277,560	5,082	(272,478)
FUND BALANCE, ending	\$ -	\$ -	\$ -	\$ -

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, 2015

<u>Code</u>	<u>Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
LOCAL REVENUES				
1111	Current year's taxes	\$ 2,068,272	\$ 1,930,000	\$ 138,272
1112	Prior year's taxes	102,819	120,000	(17,181)
1500	Earnings on investments	9,703	10,000	(297)
1700	Extracurricular activities	37,699	46,000	(8,301)
1910	Rentals	7,741	9,100	(1,359)
1920	Contributions and donations from private sources	39,262	33,500	5,762
1960	Recovery of prior years' expenditure	2,224	1,000	1,224
1990	Miscellaneous	48,976	58,000	(9,024)
1000	<i>Total Local Revenues</i>	2,316,696	2,207,600	109,096
INTERMEDIATE REVENUES				
2101	County school funds	7,077	34,000	(26,923)
2105	Natural gas, oil, and mineral receipts	12,000	19,992	(7,992)
2199	Other intermediate sources	-	5,000	(5,000)
2200	Restricted revenue	82,186	50,000	32,186
2000	<i>Total Intermediate Revenues</i>	101,263	108,992	(7,729)
STATE REVENUES				
3101	State school fund - general support	2,853,013	2,926,943	(73,930)
3103	Common school fund	50,700	49,129	1,571
3104	State managed county timber	1,142,407	675,000	467,407
3299	Other restricted grants-in-aid	337,572	264,833	72,739
3000	<i>Total State Revenues</i>	4,419,722	3,915,905	503,817
OTHER SOURCES				
5300	Sale of/or compensation for loss of capital assets	7,082	-	7,082
5400	FUND BALANCE, Beginning of year	631,357	360,000	271,357
6000	<i>Total Resources</i>	<u>\$ 7,476,120</u>	<u>\$ 6,592,497</u>	<u>\$ 883,623</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, 2015

<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>
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 587,740	\$ 332,215	\$ 21,593
1121	Middle/junior high programs	340,861	192,809	18,857
1122	Middle/junior high school extracurricular	16,926	5,643	4,170
1131	High school programs	489,471	268,900	19,294
1132	High school extracurricular	74,181	14,213	37,878
1200	Special programs			
1220	Programs for students with mental disabilities	-	-	6,931
1250	Resource rooms	444,662	299,909	49,075
1260	Early intervention	-	-	8,597
1271	Remediation	60,766	44,160	-
		<hr/>	<hr/>	<hr/>
1000	<i>Total Instruction</i>	2,014,607	1,157,849	166,395
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	24,097	22,382	-
2120	Guidance services	104,927	62,512	122
2130	Health services	-	-	10,112
2140	Psychological services	24,266	8,394	660
2150	Speech pathology and audiology services	-	-	73,561
2190	Service direction, student support services	14,329	5,949	-
2200	Instructional staff	96,748	44,091	6,391
2300	General administration	103,880	53,692	60,489
2400	School administration	260,405	137,739	34,861
2500	Business			
2520	Fiscal services	55,120	20,156	18,091
2540	Operation and maintenance of plant services	127,580	79,273	197,881
2550	Student transportation services	-	-	737,937
2600	Central activities			
2660	Technology services	9,163	6,750	92,328
2700	Supplemental retirement program	8,620	15,242	-
		<hr/>	<hr/>	<hr/>
2000	<i>Total Support Services</i>	829,135	456,180	1,232,433
	FACILITIES ACQUISITION AND CONSTRUCTION			
4150	Building acquisition, construction, and improvement services	-	-	130,651
	OTHER USES			
5100	Debt service	-	-	-
5200	Transfers of funds	-	-	-
		<hr/>	<hr/>	<hr/>
5000	<i>Total Other Uses</i>	-	-	-
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
		<hr/>	<hr/>	<hr/>
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 2,843,742</u>	<u>\$ 1,614,029</u>	<u>\$ 1,529,479</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>
\$ 12,033	\$ -	\$ -	\$ -	\$ 953,581		
3,893	-	-	-	556,420		
310	-	-	-	27,049		
16,842	-	-	-	794,507		
18,060	-	1,980	-	146,312		
-	-	-	-	6,931		
1,826	-	-	-	795,472		
-	-	-	-	8,597		
-	-	450	-	105,376		
53,337	-	2,430	-	3,394,618	\$ 3,392,728	\$ (1,890)
-	-	-	-	46,479		
-	-	-	-	167,561		
-	-	-	-	10,112		
2,807	-	-	-	36,127		
-	-	-	-	73,561		
-	-	-	-	20,278		
31,951	-	-	-	179,181		
2,294	-	18,890	-	239,245		
11,002	-	2,155	-	446,162		
883	-	4,583	-	98,833		
24,409	-	70,394	-	499,537		
-	-	-	-	737,937		
26,672	-	150	-	135,063		
-	-	-	-	23,862		
100,018	-	96,172	-	2,713,938	2,699,488	(14,450)
10,339	-	-	-	140,990	142,954	1,964
-	-	7,924	-	7,924		
-	-	-	145,266	145,266		
-	-	7,924	145,266	153,190	230,841	77,651
-	-	-	-	-	76,486	76,486
-	-	-	1,073,384	1,073,384	50,000	(1,023,384)
<u>\$ 163,694</u>	<u>\$ -</u>	<u>\$ 106,526</u>	<u>\$ 1,218,650</u>	<u>\$ 7,476,120</u>	<u>\$ 6,592,497</u>	<u>\$ (883,623)</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
YEAR ENDED JUNE 30, 2015

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1700	Extracurricular activities	\$ 214,963	\$ 245,000	\$ (30,037)
1920	Contributions and donations from private sources	-	1,000	(1,000)
1000	<i>Total Local Revenues</i>	214,963	246,000	(31,037)
FEDERAL REVENUES				
4300	Restricted revenue direct from the federal government	23,527	20,500	3,027
4500	Restricted revenue from the federal government through the state	320,280	330,162	(9,882)
4000	<i>Total Federal Revenues</i>	343,807	350,662	(6,855)
OTHER SOURCES				
5200	Interfund transfers	743	-	743
5400	FUND BALANCE, Beginning of year	82,923	65,000	17,923
6000	<i>Total Resources</i>	<u>\$ 642,436</u>	<u>\$ 661,662</u>	<u>\$ (19,226)</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, 2015**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 5,736	\$ 1,217	\$ -
1122	Middle/junior high school extracurricular	-	-	-
1131	High school programs	-	-	9,426
1132	High school extracurricular	-	-	-
1200	Special programs			
1250	Resource rooms	88,469	47,637	1,551
1272	Title IA/D	72,103	59,575	-
1000	<i>Total Instruction</i>	166,308	108,429	10,977
	SUPPORT SERVICES			
2200	Instructional staff	28,482	11,350	4,747
2600	Central activities			
2660	Technology services	-	-	-
2000	<i>Total Support Services</i>	28,482	11,350	4,747
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 194,790</u>	<u>\$ 119,779</u>	<u>\$ 15,724</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>
\$ -	\$ -	\$ -	\$ -	\$ 6,953		
20,087	-	-	-	20,087		
1,379	-	-	-	10,805		
183,403	-	-	-	183,403		
-	-	-	-	137,657		
-	-	-	-	131,678		
204,869	-	-	-	490,583	\$ 563,155	\$ 72,572
8,627	-	-	-	53,206		
3,508	-	-	-	3,508		
12,135	-	-	-	56,714	58,507	1,793
-	-	-	95,139	95,139	40,000	(55,139)
<u>\$ 217,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,139</u>	<u>\$ 642,436</u>	<u>\$ 661,662</u>	<u>\$ 19,226</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, 2015

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 822,254	\$ 805,150	\$ 17,104
1112	Prior year's taxes	35,827	20,000	15,827
1500	Earnings on investments	116	100	16
1920	Contributions and donations from private sources	23,867	325,680	(301,813)
1000	<i>Total Local Revenues</i>	882,064	1,150,930	(268,866)
STATE REVENUES				
3199	Other unrestricted grants-in-aid	212,500	-	212,500
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	-	3,950,000	(3,950,000)
OTHER SOURCES				
5200	Interfund transfers	275,165	286,127	(10,962)
5400	FUND BALANCE, Beginning of year	104,796	-	104,796
6000	<i>Total Resources</i>	<u>\$ 1,474,525</u>	<u>\$ 5,387,057</u>	<u>\$ (3,912,532)</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, 2015**

<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>
	OTHER USES			
5100	Debt service	\$ -	\$ -	\$ -
6000	CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ 1,336,764	\$ -	\$ 1,336,764	\$ 1,370,824	\$ 34,060
-	-	-	-	-	716,233	716,233
-	-	-	137,761	137,761	3,300,000	3,162,239
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336,764</u>	<u>\$ 137,761</u>	<u>\$ 1,474,525</u>	<u>\$ 5,387,057</u>	<u>\$ 3,912,532</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, 2015

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
LOCAL REVENUES				
1600	Food service	\$ 66,110	\$ 71,000	\$ (4,890)
1990	Miscellaneous	573	1,000	(427)
1000	<i>Total Local Revenues</i>	66,683	72,000	(5,317)
INTERMEDIATE REVENUES				
2200	Restricted revenue	3,500	-	3,500
STATE REVENUES				
3102	State school fund - school lunch match	2,146	2,500	(354)
3299	Other restricted grants-in-aid	4,188	-	4,188
3000	<i>Total State Revenues</i>	6,334	2,500	3,834
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	151,853	123,037	28,816
4900	Revenue for/on behalf of the district	15,103	15,000	103
4000	<i>Total Federal Revenues</i>	166,956	138,037	28,919
OTHER SOURCES				
5200	Interfund transfers	25,031	40,000	(14,969)
5400	FUND BALANCE, Beginning of year	2,747	-	2,747
6000	<i>Total Resources</i>	<u>\$ 271,251</u>	<u>\$ 252,537</u>	<u>\$ 18,714</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, 2015

<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>
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services			
3120	Food preparation and dispensing services	\$ 87,205	\$ 48,339	\$ 11,798
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ 87,205</u>	<u>\$ 48,339</u>	<u>\$ 11,798</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>
\$ 118,735	\$ -	\$ 2,360	\$ -	\$ 268,437	\$ 252,537	\$ (15,900)
-	-	-	2,814	2,814	-	(2,814)
<u>\$ 118,735</u>	<u>\$ -</u>	<u>\$ 2,360</u>	<u>\$ 2,814</u>	<u>\$ 271,251</u>	<u>\$ 252,537</u>	<u>\$ (18,714)</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, 2015

<u>Code</u>	<u>Function</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
LOCAL REVENUES				
1500	Earnings on investments	\$ 208	\$ -	\$ 208
1990	Miscellaneous	23,509	25,000	(1,491)
1000	<i>Total Local Revenues</i>	23,717	25,000	(1,283)
INTERMEDIATE REVENUES				
2199	Other intermediate sources	23,955	-	23,955
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	-	23,000	(23,000)
OTHER SOURCES				
5300	Sale of/or compensation for loss of fixed assets	504,528	230,000	274,528
5400	FUND BALANCE, Beginning of year	5,082	277,560	(272,478)
6000	<i>Total Resources</i>	<u>\$ 557,282</u>	<u>\$ 555,560</u>	<u>\$ 1,722</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, 2015**

<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	\$ -	\$ -	\$ 238
4120	Site acquisition and development services	-	-	306,806
4150	Building acquisition, construction, and improvement services	-	-	120
4190	Other facilities construction services	-	-	90,043
		<hr/>	<hr/>	<hr/>
4000	<i>Total Facilities Acquisition and Construction</i>	-	-	397,207
	<i>OTHER USES</i>			
5200	Transfers of funds	-	-	-
7000	<i>FUND BALANCE, End of year</i>	-	-	-
		<hr/>	<hr/>	<hr/>
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,207</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>
\$ -	\$ -	\$ -	\$ -	\$ 238		
2,820	-	804	-	310,430		
-	-	-	-	120		
778	-	-	-	90,821		
3,598	-	804	-	401,609	\$ 452,350	\$ 50,741
-	-	-	155,673	155,673	103,210	(52,463)
-	-	-	-	-	-	-
<u>\$ 3,598</u>	<u>\$ -</u>	<u>\$ 804</u>	<u>\$ 155,673</u>	<u>\$ 557,282</u>	<u>\$ 555,560</u>	<u>\$ (1,722)</u>

OTHER SCHEDULES

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2015

<u>Tax Year</u>	<u>Uncollected Balances July 1, 2014</u>	<u>2014-15 Levy</u>	<u>Added To Rolls</u>	<u>Interest, Discounts & Adjustments</u>	<u>Turnovers</u>	<u>Uncollected Balances June 30, 2015</u>
2014-2015	\$ -	\$ 3,021,200	\$ -	\$ (91,008)	\$ 2,827,940	\$ 102,252
2013-2014	111,617	-	-	3,719	62,287	53,049
2012-2013	67,345	-	-	6,225	37,346	36,224
2011-2012	38,420	-	-	9,898	40,827	7,491
2010-2011	20,226	-	-	5,524	20,191	5,559
2009-2010	5,262	-	-	832	3,241	2,853
2008-2009	2,174	-	-	117	1,076	1,215
Prior Years	3,659	-	-	76	494	3,241
Total	<u>\$ 248,703</u>	<u>\$ 3,021,200</u>	<u>\$ -</u>	<u>\$ (64,617)</u>	<u>\$ 2,993,402</u>	211,884
				Plus: Unsegregated taxes receivable		<u>42,507</u>
				Total		<u>\$ 254,391</u>
Turnover Reconciliation						
				Columbia County Turnovers	\$ 2,993,402	
				2013-14 accrual of August 2014 turnover included above	(35,713)	
				2014-15 accrual of August 2015 turnover not included above	27,119	
				Other taxes and adjustments	167	
				Total Columbia County Turnovers	<u>2,984,975</u>	
				Washington County Turnovers	<u>44,197</u>	
				Total property tax revenue recognized	<u>\$ 3,029,172</u>	
Reported in:						
				General Fund	\$ 2,171,091	\$ 184,702
				Debt Service Fund	<u>858,081</u>	<u>69,689</u>
					<u>\$ 3,029,172</u>	<u>\$ 254,391</u>

VERNONIA SCHOOL DISTRICT NO. 47J

CONTINUING DISCLOSURE - TAXABLE PROPERTY VALUES AND OUTSTANDING GENERAL OBLIGATION DEBT AND CAPACITY

YEAR ENDED JUNE 30, 2015

Fiscal Year	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	M5 Real Market Value	GO Bond Capacity (7.95% of RMV)	GO Bonds Outstanding	Remaining Capacity
2015	\$ 456,757,487	\$ -	\$ 456,757,487	\$ 542,435,560	\$ 43,123,627	12,360,000	\$ 30,763,627
2014	441,241,742	-	441,241,742	515,741,506	41,001,450	12,575,000	28,426,450
2013	452,813,178	-	452,813,178	532,262,591	42,314,876	12,750,000	29,564,876
2012	450,278,376	-	450,278,376	532,815,788	42,358,855	12,890,000	29,468,855
2011	460,525,120	-	460,525,120	597,305,473	47,485,785	13,000,000	34,485,785
2010	471,917,552	-	471,917,552	648,758,743	51,576,320	13,000,000	38,576,320

Columbia County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2015	\$ 450,539,627	\$ -	\$ 450,539,627	\$ 532,002,985
2014	435,253,122	-	435,253,122	505,863,516
2013	447,084,358	-	447,084,358	522,898,041
2012	444,697,836	-	444,697,836	523,401,517
2011	454,928,540	-	454,928,540	587,552,109
2010	466,458,812	-	466,458,812	638,838,823

Washington County

Fiscal Year	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates	M5 Real Market Value
2015	\$ 6,217,860	\$ -	\$ 6,217,860	\$ 10,432,575
2014	5,988,620	-	5,988,620	9,877,990
2013	5,728,820	-	5,728,820	9,364,550
2012	5,580,540	-	5,580,540	9,414,271
2011	5,596,580	-	5,596,580	9,753,364
2010	5,458,740	-	5,458,740	9,919,920

VERNONIA SCHOOL DISTRICT NO. 47J
CONTINUING DISCLOSURE - COUNTY TAX COLLECTION RECORD
YEAR ENDED JUNE 30, 2015

Columbia County
Tax Collections⁽¹⁾

Washington County
Tax Collections⁽¹⁾

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2015⁽³⁾
2015	96.59%	96.59%
2014	96.23%	98.19%
2013	95.50%	98.76%
2012	94.73%	99.52%
2011	95.01%	99.81%
2010	94.50%	99.86%

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2015⁽³⁾
2015	98.31%	98.31%
2014	98.01%	0.99%
2013	97.91%	99.32%
2012	97.52%	99.58%
2011	97.63%	99.64%
2010	97.20%	99.64%

(1) Percentage of total tax levy collection in the County. Pre-payment discounts are considered to be **collected** when outstanding taxes are calculated. The tax rates are before offsets.

(2) The percentage of taxes collected in the "year of levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.

(3) The percentage of taxes show in the column represents taxes collected cumulatively from July 1 of a given levy year through June 20, 2014.

VERNONIA SCHOOL DISTRICT NO. 47J
CONTINUING DISCLOSURE - MAJOR TAXPAYERS BY COUNTY
YEAR ENDED JUNE 30, 2015

Major Taxpayers - Columbia County

Fiscal Year 2015

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Portland General Electric	Electrical Utility	\$ 4,930,500	\$ 395,596,000	8.68%
Northwest Natural	Natural Gas Utility	1,975,239	157,067,664	3.44%
United States Gypsum	Wall board	1,193,700	70,679,640	1.55%
Longview Timberlands LLC	Wood Products	567,875	44,716,684	0.98%
Clatskanie PUD	Utility	507,296	39,858,000	0.87%
Columbia River People's Utility District	Electrical Utility	460,418	34,826,500	0.76%
Dyno Nobel, Inc.	Wood Products	476,239	36,036,790	0.79%
Armstrong World Industries	Ceiling Tiles	376,109	24,816,810	0.54%
Cascade Tissue Group Oregon	Paper Manufacturing	263,630	17,395,120	0.38%
Comcast Corporation	Telecommunications	234,716	15,201,800	0.33%
Subtotal - ten of County's largest taxpayers			836,195,008	18.34%
All other County's taxpayers			3,723,748,054	81.66%
Total County			<u>\$ 4,559,943,062</u>	<u>100.00%</u>

Major Taxpayers - Washington County

Fiscal Year 2015

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Intel Corporation	Semiconductors	\$ 20,966,671	\$ 1,268,747,218	2.37%
Nike, Inc.	Athletic Shoes and Appar	9,786,400	588,016,502	1.10%
Portland General Electric	Electrical Utility	6,944,441	438,565,853	0.82%
Comcast Corporation	Telecommunications	5,399,100	305,716,500	0.57%
Pacific Realty Associates	Real Estate Investment	5,281,160	323,845,870	0.61%
Northwest Natural Gas Co.	Natural Gas Utility	4,840,127	313,709,270	0.59%
Frontier Communications	Telecommunications	4,009,372	242,410,000	0.45%
Genentech Inc.	Medicine research/manu	2,605,822	156,283,590	0.29%
Verizon Communications	Telecommunications	2,443,372	147,694,000	0.28%
PPR Washington Square LLC	Shopping mall	2,370,746	138,610,228	0.26%
Subtotal - ten of County's largest taxpayers			3,923,599,031	7.33%
All other County's taxpayers			49,592,262,919	92.67%
Total County			<u>\$ 53,515,861,950</u>	<u>100.00%</u>

VERNONIA SCHOOL DISTRICT NO. 47J**CONTINUING DISCLOSURE - MAJOR TAXPAYERS BY COUNTY, WITHIN DISTRICT BOUNDARIES
YEAR ENDED JUNE 30, 2015****Northwest Natural Gas Co**

Fiscal Year 2015

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Northwest Natural Gas Co	Natural Gas Utility	\$ 1,417,100	\$ 120,736,902	26.80%
Longview Timberlands LLC	Wood Products	316,653	24,413,734	5.42%
Weyerhaeuser Company	Wood Products	145,009	11,056,153	2.45%
Olympic Forest Products Co	Wood Products	101,423	8,495,780	1.89%
Orm Timber Fund (REIT) III Inc	Wood Products	79,577	6,119,114	1.36%
Bascom Pacific LLC	Wood Products	76,062	5,996,121	1.33%
Enerfin Resources Northwest LP	Natural Gas Development	64,693	5,419,100	1.20%
Longview Fibre	Wood Products	63,282	4,878,453	1.08%
West Oregon Electric Coop Inc	Electrical Utility	58,476	3,560,840	0.79%
Portland General Electric Co	Electrical Utility	45,794	3,836,000	0.85%
Subtotal - ten of County's largest taxpayers			194,512,197	43.17%
All other County's taxpayers			256,027,430	56.83%
Total County			<u>\$ 450,539,627</u>	<u>100.00%</u>

Major Taxpayers - Washington County - Vernonia School District

Fiscal Year 2015

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Longview Fibre Company	Wood Products	\$ 34,657	\$ 2,706,280	43.52%
Stimson Lumber Co	Wood Products	5,861	459,310	7.39%
Buckley, Peggy Lu	Individuals	4,262	321,920	5.18%
Schmidlin, Michael W and Susan M	Individuals	3,591	280,780	4.52%
Brown, Lois Louise	Individuals	2,748	218,110	3.51%
Schmidlin, Leonard A and Betty J	Individuals	2,490	187,790	3.02%
McPherson, David	Individuals	2,316	183,040	2.94%
Sewell, Aaron J	Individuals	1,747	132,000	2.12%
Wetzel Sunset LLC	Individuals	1,743	141,150	2.27%
Stringfield, Robert and Luletta D	Individuals	1,703	137,930	2.22%
			4,768,310	76.69%
			1,449,550	23.31%
			<u>\$ 6,217,860</u>	<u>100.00%</u>

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
STUDENT ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Receipts	Disbursements	Transfers	Balance June 30, 2015
Art-Pay to Play	\$ -	\$ 1,030	\$ 1,010	\$ -	\$ 20
Art Fund	2,252	2,800	1,902	-	3,150
Ashland	(55)	-	-	-	(55)
Athletics-Pay to Play	-	17,542	17,542	35	35
Athletics Fund	5,111	5,126	6,111	(75)	4,051
Australia	355	-	-	-	355
Balloon Company	6,544	7,612	5,105	40	9,091
Band- Pay to Play	-	2,940	2,940	-	-
Band- Rental, Instrument	50	450	500	-	-
Band Disneyland 2012	103	-	-	-	103
Band Fund	2,438	1,229	988	-	2,679
Band Individual	575	-	-	-	575
Baseball	524	250	-	-	774
Boys Basketball	2,673	573	2,052	(105)	1,089
CAD Scholarship	1,161	-	-	-	1,161
Cheerleading	69	5,780	5,032	(35)	782
Class of 2014	1,480	-	-	-	1,480
Class of 2015	1,071	1,625	2,282	12	426
Class of 2016	(41)	6,935	6,044	692	1,542
Class of 2017	601	1,932	1,722	(15)	796
Class of 2018	-	2,468	1,284	(777)	407
Classroom Grant	-	300	296	-	4
Close Up 2016	-	2,023	1,827	-	196
Concessions	6,425	9,490	7,451	(109)	8,355
Counseling	136	14	14	-	136
Cross Country	(68)	-	-	-	(68)
Digital Arts	53	993	565	407	888
Drama	15	-	-	-	15
EBY Scholarship	1,275	2,125	2,975	-	425
Engineering	-	81	-	-	81
English Books	-	100	100	-	-
Equestrian Club	9	17,137	15,888	(105)	1,153
Europe Trip	111	-	-	-	111
Football	927	579	902	-	604
Forestry	1,016	4,547	3,425	(150)	1,988
FTC Robotics	-	775	-	-	775
Game Club	25	-	-	-	25
Gate	-	12,882	12,882	-	-
Girls Basketball	27	3,500	2,706	(63)	758
Golf	739	-	-	-	739
Grad Nite Account	974	1,020	1,520	-	474
Graduated Classes	752	-	-	-	752
Health	(31)	-	-	-	(31)
International Club	(186)	-	-	-	(186)
Library	83	167	41	7	216
Lock / Locker	2,087	890	5	-	2,972
Mat Pack	1,190	825	1,321	(250)	444
Memolog	(2,155)	5,631	6,290	-	(2,814)
MS	22,652	22,691	20,087	(15)	25,241
National Honor Society	(5)	203	98	-	100

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCES -
STUDENT ACTIVITIES (Continued)
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Receipts	Disbursements	Transfers	Balance June 30, 2015
OSSOM	\$ 388	\$ -	\$ -	\$ -	\$ 388
Pink	97	-	-	-	97
Randy Shaw Memorial Scholarship	-	2,000	-	-	2,000
Reader Board	2,338	-	-	-	2,338
Robbie Baska Memorial	2	-	-	-	2
Robotics	2,144	-	2,000	-	144
Senior Trip	-	45,745	45,811	66	-
Senior Trip 2012	20	-	-	-	20
Senior Trip 2013	190	-	-	-	190
Senior Trip 2014	66	-	-	(66)	-
Senior Trip 2015	111	-	-	-	111
Senior Trip 2016	139	227	-	43	409
Shop-Pay to Play	20	160	160	-	20
Shop Fund	287	-	-	-	287
Sisters Memorial Scholarship	400	1,856	500	-	1,756
Softball	618	3,222	3,623	138	355
Spanish	-	204	-	-	204
Student Body	(166)	8,390	7,614	(411)	199
Table Replacement	75	-	-	-	75
Towel	1,822	-	-	486	2,308
Track	314	-	107	-	207
Volleyball	(30)	4,894	6,423	-	(1,559)
WGS Sunshine	712	216	214	-	714
Wrestling	2,760	665	2,130	-	1,295
Zack Rumbolz Memorial Scholarship	4,212	3,118	2,000	250	5,580
	<u>77,481</u>	<u>214,962</u>	<u>203,489</u>	<u>-</u>	<u>88,954</u>
Amy Kamholz Scholarship	2,303	-	-	-	2,303
Total High School	<u>\$ 79,784</u>	<u>\$ 214,962</u>	<u>\$ 203,489</u>	<u>\$ -</u>	<u>\$ 91,257</u>

VERNONIA SCHOOL DISTRICT NO. 47J
DEPARTMENT OF EDUCATION SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2015

A. Energy Bill for Heating - **All Funds:**
 Please enter your expenditures for
 electricity & heating fuel for these
 Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 118,323
Function 2550	\$ -

B. Replacement of Equipment – **General Fund:**
 Include all General Fund expenditures in object 542, except for the following
 exclusions:

\$	-
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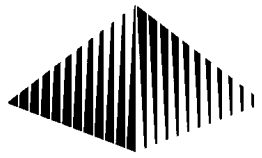
Exclude these functions:

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, 2015, and have issued our report thereon dated December 18, 2015.

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.
- In our testing of teacher experience, two of eight teachers tested were reported in error. The District has subsequently corrected their reporting with the Oregon Department of Education.

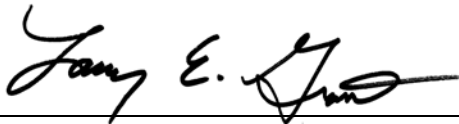
Internal Control

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

Restriction on Use

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

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

By: 
Larry E. Grant, A Shareholder
December 18, 2015

VERNONIA SCHOOL DISTRICT NO. 47J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

<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	S358A137748	\$ 23,527
Passed through Oregon Department of Education:			
Title IA-D Focus Improvement subgrant	84.010	28390	8,764
Title IA-Formula	84.010	32804	31,060
Title I Grants to Local Educational Agencies	84.010	32708	131,678
<i>Subtotal Title I, Part A</i>			<u>171,502</u>
Special Education - Grants to States (IDEA, Part B)			
IDEA Part B section 611	84.027	33399	102,049
Special Education - Grants to States (IDEA, Part B)			
IDEA SPR&I 13-14	84.027	28023	19
Special Education - Grants to States (IDEA, Part B)			
IDEA SPR&I 14-15	84.027	32248	1,490
Special Education - Grants to States (IDEA, Part B)			
IDEA Enhancement & Extended Assessment Training	84.027	33830	2,122
<i>Subtotal Special Education Cluster (IDEA)</i>			<u>105,680</u>
SPIG - Personnel Development Grant Next Step	84.323	32746	6,000
SPIG - Personnel Development Grant Next Step	84.323	26862	556
<i>Subtotal SPIG - Personnel Development Grant Next Step</i>			<u>6,556</u>
Title IIA Improving Teacher Quality State Grants	84.367	28768	36,542
Total U.S. Department of Education			<u>343,807</u>
U.S. Department of Agriculture			
Passed through Oregon Department of Education:			
School Breakfast Program	10.553	N/A	30,561
National School Lunch Program	10.555	N/A	115,830 *
Special Milk Program for Children	10.556	N/A	293
Summer Food Service Program for Children	10.559	N/A	20,272 *
<i>Subtotal Child Nutrition Cluster</i>			<u>166,956</u>
Total U.S. Department of Agriculture			<u>166,956</u>
TOTALS			<u><u>\$ 510,763</u></u>
RECONCILIATION TO FEDERAL REVENUE:			
<i>Federal expenditures per schedule above</i>			\$ 510,763
<i>Federal assistance not required to be included on the SEFA - interest subsidies</i>			116,357
<i>Federal Revenue per Statement of Revenues, Expenditures, and Changes in Fund Balances</i>			<u><u>\$ 627,120</u></u>

* Includes non-cash commodity awards

VERNONIA SCHOOL DISTRICT 47J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

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

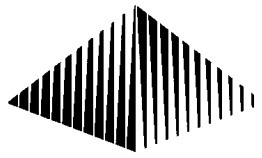
The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the Vernonia School District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain 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, 2015.

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, 2015, 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 18, 2015.

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.

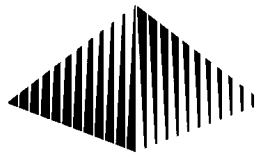
Compliance and Other Matters

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 18, 2015



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, 2015. 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, 2015.

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 18, 2015

VERNONIA SCHOOL DISTRICT 47J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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, 2015

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.